Daily Report

Latin America

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Cuba

Deliberations at ANPP Session Continue

Penal Code Modified

FL300440 Havana Radio Reloj Network in Spanish 2103 GMT 29 Dec 87

[Text] A profound and extensive analysis was made of substantial aspects of the penal code during the morning session of the People's Government National Assembly [ANPP] in which our Commander in Chief Fidel Castro actively participated.

The measures that should be applied against mothers who commit the crime of depriving their children of their lives was extensively covered with speeches by Fidel, Vilma [Espin], [Jorge] Risquet, Juan Escalona, and members of the commission that drafted the bill presented to the ANPP for consideration.

The deputies were also informed of the number of interrupted pregnancies that occurred throughout the country. The need to further educate the people to lower the number of abortions was also stressed at the meeting.

The 484 deputies will continue their analysis and discussions of the penal code bill this afternoon. They will also consider the factors that most affect the development of a culture that respects the law.

The law modifying the penal code was presented to the ANPP for consideration at the morning session, held at the Palace of Conventions.

Justice Minister and Deputy Juan Escalona presented the draft bill. He said that our population can feel more secure. The new legal code is intended to eliminate outdated legal concepts, said Escalona, in order to confront the criminal situation in Cuba.

Deputy Jose Abrahantes, interior minister, gave a speech on the new legislation. He said it is intended to rectify an excessively repressive policy. This will not weaken vigilance in the struggle against imperialism and counterrevolutionary enemies, he added. We have a healthy society, said Abrahantes; there is no climate of violence or organized crime.

The goal of the new legislation is to expand the legal arbitration capacity of the tribunals, thus giving them sufficient alternatives in the concrete application of sanctions. This will allow the most efficient, educational, and deserved measure to be applied in each case. The most just sanction will be applied in accordance with the subjective circumstances of the act and the personal conditions of the perpetrator.

Two new principal sanctions are being proposed: correctional work with internment; and correctional work without internment.

The sanction of internment is applicable when the crime, circumstances, and individual characteristics of the person sanctioned indicate that he can be reeducated through labor.

The bill adjusting the penal code adds a fine to crimes that currently are only sanctioned with deprivation of liberty, since these actions can sometimes be serious.

The penal code bill proposes increasing sanctions for some crimes in which experience has shown that we must make the sentence more of an example. Sanctions have been increased for acts of administrative corruption which promotes corruption among others. This applies to the crimes of bribery, embezzlement, illegal economic activities, and abuse of one's position or employment in state activities.

Two new crimes are added to the penal code. One is gaining wealth illegally. The other is not fulfilling the obligations derived from committing infringements [contravenciones].

An extensive report on the principle activities of the ANPP International Commission was given by Deputy Ramon Pez Ferro.

This year 236 parliamentarians visited our country. Cuban delegations were received by the diplomatic corps of 6 countries and they also participated in 14 international events.

Rene Anillo proposed during the assembly meeting that they draft a message of solidarity with the Haitian people who are maintaining a just struggle for democracy and against reprisal and fraud.

After the draft bill modifying the penal code was analyzed, Deputy Levi Farah called for solidarity with the Palestinian people who are confronting the terrorist aggression of Israel. It was approved unanimously.

Budget, Plan Approved

FL301634 Havana Radio Rebelde Network in Spanish 0000 GMT 29 Dec 87

[Report by Gisela Bel from the Palace of Conventions]

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, said at the second period of ordinary sessions of the Third ANPP today that we have been able to surmount with successes and encouraging results a very difficult year, one during which we had a minimum of convertible currency. After an analysis of the bills on the state budget and on the Economic and Social General Development Plan for 1988, these were approved this afternoon by the ANPP, which is meeting at the Palace of Conventions.

[Begin Castro recording] We have not grown in terms of volume, but I think we have progressed considerably this year. I would say that doing what has been done in 1987, in the conditions in which it has been done, actually constitutes a heroic feat by our people. In almost all areas there was a much more serious effort in construction and industry, a very serious effort in the rectification process against high salaries without the work to justify it, as well as a great effort in agriculture. [end recording].

After critical and extensive debates, the deputies also approved the INDER [National Institute for Sports, Physical Education, and Recreation] progress report which recapitulates the work done by this organization during the years of revolution. The ANPP paid special attention to the use, exploitation, repair, and maintenance of sports facilities, which gave rise to several comments by Commander in Chief Fidel Castro. Fidel referred to the need to create mechanisms that will guarantee mass participation in sports with the goal of obtaining results that correspond to the attention that the country devotes to this activity.

ANPP Vice President Severo Aguirre del Cristo said upon summarizing this point on the agenda that according to the analyses, coordination is necessary among all the organizations involved with the organization and development of sports activities, and he concluded:

[Begin Aguirre recording] I think it is fitting here to congratulate INDER for the extraordinary work it has accomplished. Above all, we think that, with a proper concept, it has the potential to develop great work in the coming years. [end recording]

At this time the deputies are hearing the Las Tunas Province progress report. The ANPP will continue tomorrow with the discussion of other items on the agenda.

Session Ends

FL302109 Havana Radio Rebelde Network in Spanish 0000 GMT 30 Dec 87

[Report by Gisela Bel from Palace of Conventions]

[Text] The second ordinary session of the Third ANPP completed its agenda just a few minutes ago with the names of the province and the organization that will give progress reports at the next session. The name for the year 1988 was also decided.

[Begin speaker recording] We are proposing that the province that will report at the next period of sessions be Guantanamo. [applause] We propose that the central state administration organ to report at the next period of sessions be the Academy of Sciences. [applause] As to the name of the year, it is practically a ratification of an agreement we had previously reached. It will be called the "30th Year of the Revolution." [applause] [end recording]

The ANPP's approval this afternoon of the penal code is a very interesting moment in our country's legal history because it provides us with a document that comes the closest to our socio-economic realities. Commenting on this, Commander in Chief Fidel Castro, president of the Councils of State and Ministers, said that the body of measures our country is adopting creates very good conditions for the fight against crime.

[Begin Castro recording] What I wanted to tell the comrades is that we should not entertain the slightest doubt that the measures we are taking are correct. [end recording]

In line with this topic, Fidel spoke of our society's conditions to fight the crime inherited from the corruption prevailing before the triumph of the revolution.

[Begin Castro recording] From the point of view of crime, our country does not occupy, crime here does not occupy, a prominent place, as compared to the rest of the world. The situation in the United States is terrible. They have all kinds of problems that we don't have: drugs, gambling, prostitution, violence. Our society is immeasurably healthier on all scores than any other society. [end recording]

The penal code was the focal point of debate. The deputies analyzed all those situations that might become crime figures, as well as those that, though violations, could be treated more in accord with their social scope. Academic fraud, stray animals, and other circumstances that produce inadequate behavior were raised during the debate on the penal code.

The ANPP also approved the report on its international activities and elected Jose Amaro Salup as president of the Supreme People's Tribunal and Ramon de la Cruz as attorney general of the Republic.

Castro 26 Nov Dialogue at Economists Congress

FL011405 Havana Television Cubana Network in Spanish 0230 GMT 28 Nov 87

[Dialogue with Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers, and delegates attending the closing session of the Third Congress of the Latin American and Caribbean Economists Association held at the Palace of Conventions in Havana on 26 November—recorded]

[Text] [Manolo Ortega—moderator] At the request of the chairman and delegates attending this conference, it is my pleasure to introduce Commander in Chief Fidel Castro, president of the Councils of State and Ministers. [applause]

[Castro] I am going to suggest something different. [laughter] When I was reminded I had promised to participate at the beginning or at the end of the congress, I said I would suggest a dialogue rather than a very

formal, written, or improvised speech. I did not want to stand before economists and speak to them about economics, a topic which is not really my specialty [laughter], so, in view of my past experiences—the most recent being my dialogue with the students—I decided to suggest we hold a dialogue, independently of whether you may, or may not, be interested in what I have to say. [applause] I am also taking into consideration the fact that in the past few days I have made quite a few speeches. Only yesterday I attended four, five, events and gave five speeches. Before that, I attended two meetings, the Railway Congress held on the occasion of the 150th anniversary of the first railroad built in Latin America—in Cuba—and the congress of the International Union of Students. I was caught off guard when I was reminded that your congress was to begin on 23 November. I really feel we could have better organized our schedule for the last 2 weeks of the month had we kept all these dates in mind. We must not forget that the Havana City Province assessment meeting begins tomorrow in this same hall. At that meeting we will study the results of the rectification process throughout the year. It will be a 2 day meeting, but it could go on for 3 days.

After hearing some of the details of your congress, the importance of the congress, and the spirit that prevailed throughout it, I feel that not being able to participate more actively has been a great loss for me. Therefore, I propose a dialogue. I suggest you ask and I will try to answer. Please do not forget you are the specialists, you are the experts. My answers will always be from a political view since we only analyze these problems from the political angle. If you agree, I am here to answer your questions. [applause]

Please take two things into consideration. First, that this could turn into a never-ending question and answer period; that you may have 500 questions to ask and that some of these questions may not be really important questions. That will depend on you. Instead of hearing the questions first and answering later, I think it would be best if you raise your hands and let the congress chairman call on you. I do not know how he will handle the situation if there are too many questions, but I will let him figure that one out. But we have done this before and have had good results. Laureano [congress chairman Laureano Leon], I give you the floor.

[Leon] Thank you, Comrade Fidel. I think it is important to remember a few things. As Comrade Fidel said, too many questions may be asked and some of them may not be very important. I also feel we could face other problems. We will probably hear from many comrades who wish to ask questions; therefore, I feel it is important these questions be short and specific.

Comrade Fidel, there are times when we, the economists, tend to expand on a question and we waste time on explanations. We tend to take up time that could be used by other comrades who may wish to ask a question or hear Comrade Fidel's answer.

[Castro] Right.

[Leon] You agree?

[Castro] I was going to add that economists are not the only ones who ask many questions. We all do. During the foreign debt meeting we had the same problem. However, if a delegate wishes to make a brief introduction, do not stop him. [laughter] [applause] Remember...[thought not completed]. We could establish a time limit. I do not know how much more the delegates can take, but we could establish a 2 or 2 and 1/2 hour period. Do you agree? [applause] I was told you are having a party after this meeting is over.

[Leon] A small cocktail party.

[Castro] I think that this assembly...[thought not completed]. A small cocktail party? [laughter]

[Leon] Yes.

[Castro] How long have you been here? Have you had something to eat or are you fasting? [laughter]

[Leon] We had a snack.

[Castro] Well then, we cannot allow this to go on after midnight. There is still the cocktail party to go to and the assessment assembly begins early tomorrow morning. The assessment meeting cannot be taken lightly.

[Leon] The colleague has the floor; please state your name and country you represent.

[Pacheco] Ciro Pacheco, Cusco, Peru. Comrade Fidel, in accord with the request made by the chairman, I will make it short. Please explain the results of the nonpayment of the foreign debt campaign that began in 1985 and its immediate perspectives.

[Castro] The nonpayment campaign. That is what we were being accused of. [laughter]

[Pacheco] So were we.

[Castro] Rather than a campaign against the payment of the foreign debt, what we tried to do was create an awareness regarding this problem. We did it during a year we felt was a crucial one; the appropriate time to do it. I would even add it was the perfect year to wage the battle against the debt. The problem was a very big one and the neocolonialists, the imperialists, were somewhat off guard at that moment. A tremendous unity was created.

I have been saying two things occurred recently to create this feeling for the need to unite in Latin America. First, we had the Malvinas incident. This war created a great unity despite the fact Argentina was ruled by a despicable government. However, we could not forget this was a

cause, an old cause, of the Argentine people. It was an expression of their struggle against colonialism. The Malvinas incident created a great wave of solidarity throughout Latin America. At that time, the United States took the side of a NATO country, it took the side of the British against the Argentine people. Second, we had the problem of the debt. The problem of the debt was a much more important one. Much more important than the Malvinas war because we had nothing to win, or lose, from that war. Our solidarity was the expression of a feeling of brotherhood with the Argentine people and a recognition of their cause despite the despicable government that ruled the country at that time.

The debt united us because it placed us on the verge of a truly catastrophic crisis. However, the debt was not the only problem. The debt was one of the most specific expressions of this crisis. We had many other problems that were all part of this same battle. We had to resolve our development problem. The Latin American and Third World countries had to find their place in the world. We had to figure out a way to change the ignominious international economic situation and the current economic order; how to implement a new international economic order; how to integrate the Latin American countries. We felt the debt was that element, factor, or tie, that could unite us all.

That year, 1985, was also the year of the great democratic opening in Latin America. The democratic opening had just taken place in Argentina, Uruguay, and Brazil. It was obvious if those countries were subject to the terrible wear and tear demanded by the measures to be taken to pay their foreign debt, those democratic processes would have no chance of surviving, they would have no future. There were many factors and circumstances calling out for that unity and we, on that occasion, made a very special effort to achieve it.

I could add I personally dedicated all of 1985 to study the problem of the debt. I did this overlooking our own problems and we must not forget one of our first duties is solving our own problems; our first duty is to the revolution, to protect the revolution and make sure all is going well in our country. However, I gave a whole year to the battle against the foreign debt. We called this a battle to create an awareness regarding the foreign debt and encourage unity. We worked to create this awareness among the Latin American governments and peoples. We did this through several meetings.

We hosted several meetings that year. We hosted a Latin American women's meeting; Latin American peasant, union, and workers meeting; student and youth meetings; journalists meetings. These meetings were big ones. This hall was filled with delegates. Those meetings were held in this same hall.

In conclusion, we hosted a meeting of Latin American political personalities. That meeting was attended by more than 1,000 delegates despite all sorts of pressures. There were governments afraid of those meetings; they were afraid of the snowball the awareness was turning into. We were working with the masses. We were trying to get the message across not only to the governments, but also to the masses.

It all started with an interview with EXCELSIOR, a Mexican newspaper. That interview received enormous coverage and it created great expectations. The truth is no one had dared—and I do not consider this to be only a Cuban achievement—to clearly state the problem of the foreign debt and the fact it was impossible to pay this debt. All our studies showed the debt was unpayable.

After our meetings with all those sectors, and after the political meeting attended by politicians of all races, creeds, ideologies, and of all social sectors who freely expressed their views on the debt—some supported the idea the debt should be cancelled or erased and others felt those obligations should be honored— we reached the conclusion the debt was not only unpayable but also uncollectable. Thus, we were the ones who did the most at a time we considered to be the best to wage this battle; the perfect year to wage this battle.

We knew any other country—a country with a very large foreign debt, not a country with a small debt because no one pays attention to a small country when it decides to declare a moratorium or stop payment [thought not completed]. But at that time, there were countries with very large debts. There were countries that owed $100 billion, $50 billion, or several billion dollars. We thought one of those countries would decide to stop payment on its debt. We were trying to create the conditions to prevent this country from being alone and isolated, should it decide to do take this step. We knew it was difficult for all these countries to unite in such an action. There are many reasons for this, one of them being we are terribly frightened of reaching an agreement. We have always been gentle and obedient toward the empire and we do not dare meet.

For example, the African countries meet once or twice each year; all the African heads of state meet. The industrialized countries hold meetings; they have these big meetings in Tokyo, Paris, London, or Washington. But we, the Latin Americans, are the only ones who do not dare meet, just because of the habit of obedience and because of fear. So we knew a previous agreement was very difficult to achieve; however, we did feel the prevailing circumstances could create this agreement. We felt this was possible if one of the heavily indebted countries took the first step. Our idea was to support this country, that all the countries support it.

We not only promoted this idea among the Latin American countries but also within the Nonaligned Movement and all the Third World countries. We sent the Nonaligned Movement all the material we had on all the studies and analyses done on the foreign debt problem. We also sent this material to the Third World countries

and to some industrialized countries. We wanted them to become aware of the problem. We also sent it to the socialist countries. We insisted on the importance of this problem. We even sent this material to the pope. We needed to create an awareness of the problem in order to get everyone's support. We did this because we felt we were on the eve of a great battle and that great battle should have been waged. It was the politicians' duty to wage this battle; it was the duty of our leaders to wage this battle. They should have united to wage this decisive battle for development and survival.

We have always associated the struggle against the foreign debt with the struggle for peace. We suggested the funds used for military purposes be used to find a solution to the problem of the debt and implement a new international economic order. We felt all those sectors throughout the world which are concerned about peace and struggle for peace, should struggle to support the Third World's struggle against the foreign debt and for the new international economic order. We sought this association; we tried to motivate many forces. Our message even went out to the workers of the industrialized countries; to the capitalists themselves. We told them this solution was even good for them. We reminded them their industrial capacity was not being used to its fullest; they were using only 70 or 75 percent of their industrial capacity and they had millions of unemployed persons.

If the Third World countries were given some purchasing power, then the industrial capacity would be at its fullest in a very short time and the unemployment problem could be resolved. We did not want to ruin the banks; we did not want the banks to join in a common cause with the governments. What we suggested was a solution through which the banks would not lose their money. We suggested that the creditor country be responsible for the debt with its own banks. We took this message to the workers; we approached everyone. However, the outcome did not depend on what others did, it depended on what we, the Latin American leaders, would do. However, the Latin American leaders were not able to reach an agreement.

A meeting of the Cartagena consensus was being held during those days. We suggested we all join in the process. We felt if we were all included, the consensus would be stronger. However, it was restricted to a number of countries; six, seven, or eight countries; a club of countries.

We are very pleased and encouraged by the summit to be held in Mexico [27-29 Nov]. The eight countries that make up the Contadora and Support Groups will begin a meeting tomorrow in Mexico. However, we also feel it would be great if this meant the beginning of a broader forum in which all the countries, big or small, could be included. You cannot begin a new era by ignoring the small countries just because they happen to be small. We complain about this everyday. We complain of the fact that only a few countries make decisions within the IMF and the World Bank. We are demanding more democracy within the international organizations. For this reason, we would like this group, which could play a leadership role in this unity movement, to remember to strengthen that consensus by inviting the rest of the Latin American countries, all the Latin American countries to participate.

I am convinced that when all Latin American and Caribbean countries unite, the imperialist power structures, the economic structures, are going to tremble. See how the United States has reacted to this Group of Eight meeting. I was reading a dispatch this morning and noticed they were not paying attention to the meeting. They are reacting as if it is not taking place. While the Latin American diplomatic circles are very hopeful, the U.S. Government has not bothered to even mention a single word on this. I think if this effort is kept up and all the Latin American leaders decide to meet—if we shed our fear to meet—then we will be taking solid steps toward many of those things you have mentioned in your Final Declaration.

You have also voiced your concern and stated you hope this meeting will be the beginning of a much broader forum in which all the Latin American and Caribbean countries will be represented. All these countries have a vote at the United Nations; they are a real force. They have a vote within the Group of 77 and the Nonaligned Movement. This would further strengthen us. We are pleased with the meeting about to begin and we hope there will be a follow-up on the results. However, we are still to blame for not taking advantage of the right moment; we are to blame for not using our opportunity to the utmost.

However, it is not too late. It will never be too late. Today the problems are more serious, but imperialism was given a chance to maneuver; and while we suggested the need for unity and agreement, or consensus, call it a debtor's club if you wish—I don't know why we feel it would be a sacrilege if we were to form a debtor's club if they have their famous creditor's club, and they call it a club, the Paris Club, where they discuss problems with the individual debtor countries—they went ahead with their tactics to prevent us from uniting and to divide us. They chose to talk today with Mexico, tomorrow with Venezuela, day after tomorrow with Argentina, later with Brazil, and so forth. That was their strategy; to negotiate separately with each of those countries. And that is the way it was done.

However, in 1987 Brazil took the big step. Had Brazil taken that step in 1985, the enemy, let's call it the creditor enemy, [laughter] the imperialist enemy, would not have been able to carry out its plans to divide us. I think the other Latin American countries would have expressed their total support for the move made by Brazil. Now that Brazil has taken the big step, it has been practically isolated.

We also had another idea. We felt Latin America should lead this struggle. We felt it was one of the regions of the world in the best situation to lead the struggle: first, because it has a greater level of development; second, because it had the biggest debt. It was in a better position than Africa and Asia to lead the struggle. The necessary conditions had been created and the time was right to wage the battle. Latin America could have been the leader in this struggle.

The African countries are very poor and weak. They depend fully on loans, regardless of the amount, from the World Bank or IMF. They depend on the food supplied by the Western countries. The Africans could have supported this battle, but it would have been impossible for them to lead this battle. This is why we said the Latin American countries should have led this historic battle. What is more important, the debt was going to be the detonator; it was going to boost our unity. This was the political strategy.

A political strategy is a task for politicians. The experts must also think in political terms, but their responsibility is to provide the basics; they must provide us with all the available information and studies that will allow others to become aware of the real situation. However, we claimed that the foreign debt was the main element to boost unity among the Latin Americans, a unity among all the Third World countries, to get support from the people, workers, and other sectors of the developed capitalist sectors, and to get the support of the socialist countries. We suggested the need for a struggle to eliminate the foreign debt. For quite some time we had been analyzing the way the problem of the debt had to be broached. Back in 1979, after the second summit [words indistinct] we went before the United Nations and explained the need to eliminate this problem. [Words indistinct] for all those countries that could not pay its debt. We also suggested easier terms for those countries that could meet their payments. Back then, those countries owed approximately $350 billion. This was in 1979 when we brought this issue up before the United Nations.

Later came the New Delhi conference. At that time we made certain changes in our proposal. It was at that conference that we said that the debt had to be abolished, cancelled. However, not cancelled in the sense of paying; we were talking in the sense of not paying. I later learned that Latin America interpreted the word cancelling as paying, and we did not even want to hear that word mentioned. [laughter, applause] Our idea was to erase the debt completely. In New Delhi in 1983 we suggested that the debt of a large number of countries be abolished, erased. We mentioned many countries that could not pay their debt. We also asked for easy terms for those countries that could meet their payments. By the time 1986 came around the Third World debt exceeded $800 billion. It no longer made sense to make exclusions; it did not have any tactical value to make exclusions. We reached the conclusion that we had to make a clear and specific call with a slogan urging that everyone's debt be erased. We even thought it would promote more unity. In 1985 we arrived at the conclusion that the debt was unpayable not only for countries that have to live off the exports of their basic goods but even for oil exporting countries.

When we saw that Algeria had a huge debt, that Nigeria had a gigantic debt, that Venezuela had another gigantic debt, that Mexico already owed around $100 billion, we realized that not even the large oil exporters could pay it. I remember that I estimated that in order for Mexico to pay its debt it would have to commit its oil exports for the next 17 years. It would take 17 years to pay the debt and its interest. That is what it would take if they delivered all their oil, all their export oil—1.5 million barrels—at 1985 prices. Do not forget, the price of oil at that time was $30.00 a barrel; not at today's prices, which is $17 or $18 a barrel. We arrived at the conclusion that not even the large oil exporters could pay. Well, maybe an emirate can. The one over there, what do they call that emirate, where a sultan donated money for the counterrevolutionaries?

[Speaker] Brunei.

[Castro] Brunei. I don't know, some of those sultans have a sea of oil and an enormous amount of money. I don't know. They do not have that problem and don't even remember... [changes thought] Imagine the role they play. They even gave the United States money to wage a dirty war in Nicaragua. There are very few exceptions and those people actually did not have debts. Those people had big accounts in Western and U.S. banks. But, there was no solution for all those who were truly affected by the debt.

Mexico, with its population of almost 80 million people, was exporting 1.5 million barrels a day at $30.00 and yet it incurred a $100-billion debt. Anyone could clearly and precisely see, just by making a simple and basic mathematical calculation, that the debt was unpayable. We are talking mathematics, we are not talking in economic terms. They did not know if they could save enough to pay the debt; they did not know if their exports were going to grow and if they would have a market for their products. That was without getting into economic analyses. That was a simple arithmetic, mathematical analysis. Later, we did all the other analyses: economic, legal, ethical analyses. Some people were so foolish that they claimed that not paying the debt was immoral, and they questioned the watchword of not paying the debt based on ethical principles.

We analyzed all types of factors, historical and even political ones, the democratic processes, the governments who attempted to impose on the masses the sacrifices that paying the debt would represent. Those sacrifices were impossible to make. The governments could not do it politically. To pay the debt was not only

economically, mathematically, morally, legally, and historically impossible, but also politically impossible. We reached that conclusion in 1985. We saw it very clearly. At that time, I believe the industrialized capitalist countries did not have the maneuvering room they had later. A good example of this is what happened with Brazil. So we, the political leaders, are historically responsible for not waging the battle at the most opportune time. I believe that history will be the judge regarding each one's responsibility.

I believe much progress has been made in creating an awareness of the problem. No one is talking about paying the principal or the capital [as heard]; what is being discussed now is whether the interest on the debt should be paid or not. It is the same thing. We believe that the interest is also unpayable; that it is not only unpayable but uncollectable. Interest tends to grow. It is a cancer, a cancer that grows and develops, that multiplies. The debt is like that. I cannot find a better metaphor to compare it with. It has to be completely removed. Interest cannot be paid now. But at least there is awareness of the problem. I believe that this meeting, that your declaration—I have it here—is good evidence that much progress has been made toward creating this awareness. There is a universal opinion regarding this. Many U.S. politicians and bankers know that it cannot be paid. Many governments of industrialized countries know that it cannot be paid. However, they persist and insist. They are attempting to change the way the debt is paid; they are trying to turn the debt into investments; they are trying to capitalize on the debt, as they call it. They are trying to maneuver to see if they can take over our natural resources, our enterprises; they want to engage in neocolonialism even more than they already have. Everyone is convinced and this you have done [words indistinct]. The data reflects a worsening of the situation; you can see this when analyzing any information on the problem.

If in 1979, when the nonaligned summit meeting was held, the foreign debt amounted to 350,000 [currency not specified], now it is... [changes thought] and later it amounted to 650,000, then almost $900,000... [changes thought] it has not grown at the same pace because nobody grants loans anymore. Well, the debt has grown like a weed. People ask for loans to pay on their loans. It is absurd. The debt gets bigger and bigger. It is said the debt amounts to 1.4 or 1.45 trillion [currency not specified]. All international scholarly publications say it vastly exceeded 1 million [as heard]. Everybody is making calculations. We have seen some figures these days indicating that $922 billion was paid between 1980 and 1986; that some $570 billion was paid in interest alone—this is what the Third World paid in interest alone. Think about the figure we are talking about here: more than $500 billion—$570 billion—in interest has been paid by an underdeveloped and hungry Third World, by a world full of all kinds of calamities. That they have paid $922 billion and still owe... [changes thought] They have paid almost 80 percent of the current total amount and now they owe more than 1 trillion. We can call it billion in Spanish but when we say billion the Yankees say trillion. In Spanish a billion is a million million. Let's talk about billions. Today the debt is 1.45 trillion [currency not specified]. It keeps growing. What the devil are they going to use to pay that debt? The Latin American debt is currently 410 billion [currency not specified]. In 1985 the same debt was 360 billion. It has not grown at the same rate as in the past.

Latin American exports in 1980 amounted to $89 billion; in 1986 they dropped to $77.8 billion—not even $78 billion. Exports in 1986 were lower than in 1980. But what is the difference between a dollar in 1980 and a dollar in 1986? How can you compare the purchasing power of a dollar in 1980 and a dollar in 1986? The purchasing power of a Latin American country in 1986 was probably half what it was in 1980. The dollar was devalued approximately 40 percent in 1986. What a difficult situation. What good has come from all those efforts to pay the debt? What good has come from all the sacrifices made to pay the debt?

In 1985—the year everyone took off his underwear to export them [laughter], the year everything was exported—the trade surplus was $33.5 billion. In 1986—just 1 year later—the trade surplus only amounted to $18 billion; half of what had been made in 1985. In 1984 and 1985 the balance of payments was practically zero, yet in 1986 the balance of payments cast a deficit of $14 billion. I do not want to use too many numbers, but we find them everywhere we look. We cannot become exporters of capital. You better than anyone know that this region alone has paid out $132 billion—your report says that it has been $140 billion, but you have already added in the 1987 figures. However, the net payments made by Latin America between 1982 and 1986 have been in the amount of $132 billion. And we are not including the amounts lost because of the flight of capital. That problem is real. Well, there is hardly money left in the area to take out. [laughter] This does not include the effects brought on by unequal trade. Add the losses from unequal trade to the $132 billion and see what you come up with. Everyone knows that the amount of merchandise purchased from our area has dropped. There are reports to the effect that between 1980 and 1986 the exports from our area, including oil exports, dropped by 68 percent. Not including oil exports, we still find that our exports have dropped by 48 percent. To tell you the truth, I do not know if this applies only to Latin America or whether it includes all the Third World countries. Much damage has been caused as a result of these terrible and unequal exchange terms and the flight of capital. Where are we headed? Where is the solution? How can we even think that the debt can be paid?

If someone were to tell me that the debt will be paid in a symbolic manner, then I would say fine. I do not object to that. If I am told that the debt is going to be paid for reasons of human charity, out of pity, so that the bankers

and the leaders of those countries will not suffer heart attacks, then let's say: Fine, we will do it. [applause] We will pay it out of pity, for humanitarian reasons, if you please. But the truth is that we cannot pay it. The situation is just like those words we have seen written in many documents: under the current conditions, the payment of the debt is impossible. The students I met with recently asked me a question about this. They wanted to know, what the devil does under the current conditions mean? They also wanted to know, under what conditions can the debt be paid? I told them that if the dollar is ever worth what the sol, the Bolivian sucre, or the Mexican peso is worth... [changes thought] In Peru everyone is a millionaire or a multi-millionaire. They all get paid millions of pesos [Castro corrects himself] soles. How much does a person earn in Peru?

[Pacheco] Fifteen or twenty [not further specified].

[Castro] What is the exchange rate?

[Pacheco] One thousand soles to an inti.

[Castro] How much?

[Pacheco] One thousand soles to an inti.

[Castro] A sol is an inti?

[Pacheco] One thousand soles equals an inti.

[Leon] Their currency has changed. They now have the inti.

[Castro] How many intis to a dollar?

[Pacheco] Fifty-three intis to a dollar.

[Castro] This means that there are 53,000 soles to a dollar?

[Pacheco] Yes.

[Castro] You need more suns [soles] than stars in the sky to buy a dollar. [laughter] [applause] If the dollar is devalued as much as these other currencies have been devalued, then I will approve the pious act of paying the debt. Only under those conditions. But that debt will only be paid by those who have debts in dollars.

If a situation such as the one currently being experienced with the dollar should affect those who have their debts in yen, francs, Spanish pesetas, pounds sterling, Deutsche marks, or Italian lira—and gentlemen, nothing in the world had dropped as much as the Italian lira; [laughter] it was impossible to figure out how many lire you needed to buy a plane ticket, yet today even the Italian lira has gone up, which is something incredible—just watch what would happen to them. They would find themselves in the same situation we are in. And there may be others; we do not know what currency backs the debts of the African countries. In a certain manner, the Latin Americans can still benefit from the devaluation. However, they can only benefit to a certain point because the price of their basic products has dropped. Then how can they pay? The dollar has dropped but other currencies are up and one thing compensates for the other. But this situation has also ruined some people. Unfortunately, we do not have our debt in dollars. What is worse, we can't even benefit from the dollar devaluation because of the blockade. We cannot use the cheaper dollar to go to those countries and purchase what we need. Yet all our export products are measured in dollars.

Today we hear that the price of a pound of sugar is 6 cents, but this really means 3 cents. It is really not true that the price being paid for it is 6 cents a pound. We cannot forget that our basic export products are measured in dollars on the international market and the prices of our basic export products have dropped just like the dollar has. That is the truth.

We could go on for hours about the multiple factors that make the idea of paying the debt totally absurd. It is totally absurd from the ethical, historical, and legal viewpoints. Who contracted the debt? As a rule, what kind of government contracted the debt? Repressive governments like the Chilean Government; a country that contracted a $30 billion debt so that Pinochet could hand over the country's economy to the transnational enterprises, so that Pinochet could create an Army armed to its teeth; so that Pinochet could create thousands of new millionaires. The government contracted the $30 billion debt, but the day the oppressed, repressed, exploited, and hungry Chilean people decide to rid themselves of Pinochet they will be the ones who will be asked to pay off Pinochet's debt. Where is the justice and moral behind this policy?

The same situation has been experienced in other countries. When this was not happening, money was coming into a country from one end and going right back out from the other. What did the U.S. monetary policy lead to? It led to a mass flight of capital from Latin America. But the debt was still there. What did the people get out of all this? Which people's organization contracted the debt? Remember that the U.S. people went to war because a new tax was imposed without prior consultation with them. Yet, today they are claiming payment for a gigantic debt that the people did not contract. The people did not participate in contracting this debt; only the governments contracted the debt. Not even the parliaments participated in contracting this debt. Many of those countries did not even have a parliament. Many of these debts were contracted by private enterprises. But who is paying back this debt; who is being asked to pay the debt? The people. The people are paying the debt with their sacrifices. The people are the ones who are suffering the effects of lower education, health, and social welfare budgets. What kind of ethics and principles can be called on to defend the fact that these people are being asked to pay that debt? Besides, these countries

can only thank the industrialized world for their underdevelopment and poverty. These countries were colonies and neocolonies for hundreds of years. These countries amassed the fortunes of the developed capitalist world with their blood and sweat. In Latin America that fortune was amassed with the blood of tens of millions of Indians who worked in the gold and silver mines, who looked for gold in the rivers. Millions died throughout the centuries to find the gold and silver that made it possible for Europe to become an industrialized area. And the African slaves? How many slaves, men who were free in their homeland, were brought here to help develop the United States? They are to blame for underdevelopment; they are responsible for this tragedy. What morals do they have? They have robbed us in every possible way.

If we were to compare the interest rates paid in 1976 and 1977 to the interest rates paid between 1980 and 1986, we would see that there has been quite an increase and that the countries have paid an additional $142 billion as a result of this. Because of the overvaluation of the dollar an additional $40 billion, more than $200 billion [as heard] was paid. What moral commitments or duties can we have? We have much more sacred duties. We have our duties toward our people. It is our duty to ensure our people's survival, their right to occupy a place in the world, their right to overcome underdevelopment some day. Are we overcoming underdevelopment? Isn't that famous gap between the developed countries and the Third World countries only getting bigger? Twenty years ago the difference between the developed and the lower income countries was only 20 [not further specified] and today it is 40, 45, 50 [not further specified]. What is the social situation of those countries like? What is their employment situation like? What kind of problems do they have with regard to education and health? They keep complaining about the environment, but of course, they have so many cars that their air is polluted. Yet the underdeveloped countries don't even have the wood they need to cook with. Hundreds of millions of persons are in this situation. It has been said that by the year 2000 there will be 200 billion people who won't have enough wood to cook their food. And we could also ask, what food? Yes, what food? All we have to do is turn our eyes to Africa. The desert continues to expand. They use a kilo of fertilizer to fertilize a hectare of land. There are some statistics that show that Africa and its 10 percent of the world population, uses a kilo of fertilizer. The truth is that they use 1.1 percent of the world's fertilizers even though they have 10 percent of the world's population. Yet the United States, with 5.5 percent of the world's population, is using 16 percent of the world's fertilizers. Europe is using even more per hectare. Then where is Africa going to get its food from? How can you resolve this problem? And if they should get the fertilizer they need, how will they use it. A vast majority of the African people can't read or write and they have no idea of agricultural techniques. Any step forward is actually lost. It is a catastrophe.

We must think about all these things and I think that the world is becoming aware of all this. From this viewpoint, I feel that our battle was not a useless one. Facts have proven that what we said was true. Each day it becomes more difficult to pay off the debt and the world is becoming aware of this. Your final declaration—I say it once more—is proof of this. [applause]

[Leon] Yes, colleague? Your name, please?

[Estrada] Odelit Estrada, from Cuba. Commander, as Latin Americans we truly feel that the debt should be erased from the face of this earth. We have issued a final declaration and we have tried to create a Latin American Monetary Fund, a Latin American Monetary Fund. We would like to know how you feel...

[Castro interrupts] You are putting me on a spot.

[Estrada] Really?

[Castro] I have very little information regarding the idea behind this Latin American Monetary Fund, the basis for its creation, and what will back this fund. I heard of this fund for the first time when I was reading your final declaration. You can kill me, but I still don't know what this is all about. I applauded when the idea was mentioned here. I applauded because you applauded the idea. [laughter] [applause] I applauded out of solidarity and because I think that you have given this much thought. [laughter] However, I could not elaborate on this at the moment. I understand the message behind this. I understand that the current international monetary system has to be changed; that the calamities and tragedies of the IMF must be changed; that the system we inherited after the war must be changed; that this system has failed and that a new system must be created whereby the rights of all countries will be guaranteed; that currencies should not be subject to all sorts of manipulations on the part of the powerful countries, like the United States has done. This is what I have understood and this is something that we must support. However, how this will be done is something that you must decide and I imagine you have all supported the idea. All I can do is get all the information I can regarding this subject so that the next time I am asked, I can give my views on this Latin American Monetary Fund. [laughter] [applause]

[Delegate] [Name indistinct] from Ecuador. Comrade Fidel Castro, we know that the imperialists are furious and also fear the gigantic movement for the nonpayment of the foreign debt that began in Marti's homeland and which today continues to strength and grow stronger roots in our region. What do you think of the following idea: Our countries are not debtor countries. Instead, they are creditor countries. What would the imperialists say if our countries were to demand payment for what is owed us?

[Castro] Did you hear that question?

[Leon] Yes.

[Castro] What did he say?

[Leon] He is speaking of an idea that has been repeated in Latin America on several occasions.

[Castro] Yes.

[Leon] Latin America feels that it should not pay the debt because it owes nothing, and that the imperialists owe us because of the exploitation that, as you mentioned, we have experienced.

[Castro] That is true. We are owed for all the exploitation. They contracted a debt with us during that process of exploitation. Isn't that right?

[Delegate] Yes.

[Castro] I agree with that 100 percent. I think this is a great idea. We have used that same idea at times. I think that it is a strong argument.

[Leon] We had some colleagues around here asking for the floor.

[Moreno] Rafael Moreno, from Panama. Commander and Comrade Fidel Castro. I would like to ask you how Commander Che Guevara would think today were he to see this situation of international disaster, not only in my homeland, but throughout Latin America.

[Castro] I think that no one was better prepared than Che to understand this situation. I recall that during the early years of the revolution, when we were all involved in the drafting of the first revolutionary laws, the agrarian reform, and all our early laws, when we were actively preparing for the defense of the country and confronting the effects of the economic blockade—Che was the one who was really concerned about the problems of the Third World. He was always talking to us about the problems of the Nonaligned Countries and about the Bandung conference. He always talked about the Bandung conference. He was very much aware of what was going on. He gave special attention to all those problems.

During the first years of the revolution he traveled often to all those countries. He met with leaders, and we could say that he was the person who was the most concerned about the Third World countries. He saw their problems. He spoke much about unequal trade. He did this as early as 1966 when he visited several African countries. He talked much about the problems related to unequal trade. I feel that no one could have understood this problem as well as Che. I think that no one would have felt more pleased with a final declaration such as this one than Che. I feel that this is an excellent declaration. No one can accuse this declaration of being extremist or radical. However, we could say that this is a revolutionary declaration. I can prove it from some of the things you state in it. I think that Che would have been very happy with this declaration. Che foresaw today's problems long before anyone else did, long before we began to see these problems. Che died in 1967 and he was already worried about all those problems involving development. He was worried about unequal trade. Back then there was no foreign debt. When Che died there was no foreign debt.

No Latin American country had a debt during the early years of the revolution. But Kennedy, frightened by the Cuban revolution, suggested the idea of the Alliance for Progress. We began to hear talk of agrarian reform, tax reform, education, health, housing, hygiene and water projects. He even offered $20 billion to prevent other revolutions from developing. He was really scared. I can't understand why they were so scared back then, and why they don't feel scared today. Today is when they should be scared. The objective conditions are worse than ever for the imperialists. Kennedy suggested the Alliance for Progress and, with it, some changes. He also gave $20 billion for this plan. Today, the Latin American countries owe 20 times the amount given by Kennedy to prevent other revolutions from developing, and each year the Latin American countries pay back as much as Kennedy gave in 10 years. The situation has turned. The population has doubled, and the problems are much more serious.

We have seen that in 1967, the year that Che died, the debt did not exist. That phenomenon came later. It started after large liquidity began to accumulate, as the growth rate of the capitalist countries dropped—this happened after the war—as their economy came to a standstill. The situation became worse when the price of oil increased and the oil exporting countries found themselves with great sums of money and nowhere to invest. The international loans went to private sectors. In the past the transnationals hardly handled money; they probably had $10 or $12 billion. Today they have $1 trillion—a million of millions. International financing, and the lending conditions, was taken over by the private banks. This made matters even worse. The phenomenon of an accelerated growth of the debt and the crisis began in the seventies. The idea of a development fund may have crossed Che's mind, but not this problem. This problem would have only confirmed all his worries, and I feel he would have given much thought to this matter. But Che did see the early signs of this problem, of this crisis; how it would develop and the effects it would have was something no one could guess. I don't think anyone knew what the outcome would be. I think the outcome even surprised the theoreticians. I think the theoreticians were caught off guard. This situation is similar to the problem created by unequal trade.

I was very happy to learn that you had appointed a group to study the phenomenon of unequal trade, a group that could find a theoretical or scientific explanation to this phenomenon, which is not a stranger to us because we

experience it everyday. But it seems that this phenomenon is even older. Only recently an international organization—I do not recall which organization—studied this problem and proved that the purchasing power of the Third World's basic products are the lowest in the past 100 years, much lower than the purchasing power they had in the thirties. In the thirties a pound of sugar was sold at 1 cent. This meant a lot of problems for many sugar exporting countries, including Cuba; it meant hunger. But that same pound of sugar could purchase twice as much as today's pound of sugar. The purchasing power was twice what it is today, and we are talking about the thirties.

The study dealt with the past 100 years because that was as far back as they went. But I have been thinking: When the first railroad was built in Cuba in 1837 it was possible because Cuba was a sugar and coffee exporting country. There was a time when Cuba was the main coffee exporter in the world. In 1835 and 1845 two hurricanes destroyed the coffee crops and someone suggested that we continue to plant sugarcane, which is a crop that can take that kind of weather. The first railroad in Latin America was built in Cuba, a coffee and sugar exporting country. Cuba was a very rich country. I think that if we were to analyze the purchasing power of sugar in 1837 we would find that it was the highest ever. I think that this phenomenon began more than 150 years ago. The world wars and the problems that followed the world wars and the post-war years made us forget some of these problems. The capitalist economy was experiencing stable growth. I would even have to add that these problems have surprised us because of their current seriousness. We had these problems in the past.

Che talked about this phenomenon as early as—he died in 1967—as early as 1966. There is a speech he made in Algeria, and at that time he spoke of those unequal trade problems. He spoke quite strongly about this. However, the problem was not as bad as it currently is. Back then, Che foresaw the problem, and the problem was not that serious in those days. The other problems came later. These only further confirmed all of Che's concerns. [applause]

[Leon] The colleague has requested the floor.

[Delegate] Francisco asked for the floor first.

[Leon] The two of you will get the chance to speak. However, I thought you were the one who was going to ask the question.

[Castro] Go ahead, ask your question. [rattling noises heard] What's shaking here? [laughter]

[Delegate] [Name indistinct], from Venezuela. My question is pretty specific, and I am not trying to hurt feelings. However, I would like to hear your opinion regarding the organizations that have been created in Latin America throughout the years, organizations like ECLA, the Andean Pact, the Latin American Economic System, etc.; even this association. In every congress we reach firm and categorical conclusions; at times, like our commander said, revolutionary conclusions. However, when we go back home, or when we try to implement these conclusions, we get nowhere. In the end, all the good work remains as words on a piece of paper. I have always felt that these associations only divide the efforts. I also feel that in the world there is a vast majority that would like to improve the situation and a minority that is always hindering the plans. However, this minority is very powerful and the majority always takes a step backwards. Many times it is easier to sit back than to confront the issue or fight, as my comrades here would say.

My question is: Do you truly feel that these organizations have a future or are they just a way to manipulate the efforts being made by the peoples who are trying to get out of a circle they have fallen into? The Andean Pact has yet to get on its feet; ECLA has never been able to implement one of its conclusions; and I could mention others.

[Castro] You are asking for my views on these organizations. The truth is that I do not have a negative opinion regarding ECLA. ECLA is a UN organization, and I feel it has played a certain positive role in informing our people and creating a certain awareness regarding our problems. I think that having nothing would have been even worse. All of us read the bulletins they release; we read their statistics, reports, and recommendations. I think they have been on the side of this struggle being waged by the Third World countries and the Latin American countries and that they have tried to improve the situation of these countries. I am not saying that it is the ideal instrument; however, being a UN organization I think it has played its role, and I do not think it would be fair to deny this. However, it would not be right to think that ECLA can resolve all the problems. ECLA will do what the governments have to do. You can't expect an international organization to do more than what ECLA is doing. They gather information, statistics, study and investigate the problems, and create an awareness regarding all these problems. However, they cannot make political decisions. These political decisions are the ones that can resolve the problems.

The Andean Pact is an attempt that dates back many years. I do not know much about the Andean Pact. I believe that you are members of the Andean Pact and you know, more than I do, what you have gotten out of it. But I do think that the pact has been an attempt at integration, and this is something positive. Now we would have to study how the integration attempts were made and the results. The problems that we are discussing here are not problems for ECLA or the Andean Pact. These are political problems. These are problems that have to do with the foreign debt, the new international economic order, and integration. These problems are high politics.

When I was talking about the foreign debt I forgot to mention that from our viewpoint everything related to the new international economic order is much more important than the debt. As I said, the foreign debt is the factor that serves to unite us and give us strength to wage the battle for that new international economic order. The same goes for integration. I don't think our countries will have a future without integration. If I am not mistaken, you mentioned this in your final declaration. I think there is a paragraph on this. If it was not in the final declaration it was in the letter to the presidents.

[Leon] In the two.

[Castro] You stated that unity and integration are basic factors for the development of the Latin American countries. That is stated in this declaration. I think that your attempts will go down in history as warm attempts toward integration; perhaps they were not considered warm attempts when they were made, but they were attempts toward integration. There is something positive behind all this, but we can't expect this type of attempt to lead to the integration of Latin America. Integration is very necessary. Without integration we don't know what is going to happen to our balkanized countries and our balkanized economies in the near future. Today's situation is already pretty bad.

Now, regarding this association—and I am not being diplomatic when I say this—I am very impressed with this association. I think this congress has been a very important one. Your declaration is very important. The spirit present throughout the congress reflects an awareness. You have committed yourselves to struggle for all this; you have committed yourselves to work, not only technically speaking but also politically speaking, to carry out all that you mentioned in the declaration: to struggle against the foreign debt, for structural changes, and for better distribution of resources. I honestly feel that this association, the Latin American and Caribbean Economists Association, can play a very important role in creating awareness, and I do not think that you will let us down. We know you are not going to resolve all the problems, but sending this declaration to the Latin American governments and to the presidents who are meeting in Mexico is very important. I think you are doing all you can do. Perhaps you can do more; there is no reason why we should just be content with what we have. You are a recently founded organization, and as far as I am concerned I think there is much you can do. You can help develop an awareness and create a spirit of struggle. Don't forget that all changes come from ideas; all the big political and social events come from ideas. You are responsible for drafting these theories and promoting these ideas. From this viewpoint we cannot underestimate the important role that the Latin American and Caribbean Economists Association can play. [applause]

[Leon] I wanted to advise you that because of a technical problem I had to move.

[Castro] Yes, you had to move to my left. [laughter]

[Leon] Yes. Well, Commander, I don't think I will ever be to your left. [laughter]

[Castro] So, you leave that up to me, right? [laughter]

[Leon] I just wanted to excuse myself for depriving you of Comrade Carlos' [Carlos Rafael Rodriguez] company, and I just wanted to explain why.

A colleague has requested the floor. Name and country, please.

[Acosta] Raul Acosta, from Peru. Hamlet's dilemma: To be or not to be can be interpreted within the framework of the debt as to pay or not to pay. I think this congress has defined this dilemma as nonpayment of the debt. Within this framework we have the following concern: We know that the debt is harmful for our peoples and that it violates principles like the principles of the ILO. Then, what should the governments do to bring those responsible for this debt before the International Court of Justice [ICJ] in The Hague? We, the members of the Third World's economists association, are not only asking for, but are also promoting, strong actions in this regard. I would like to hear your suggestions regarding specific steps to be followed in this endeavor.

[Castro] To take those responsible before a court? Well, I think they have already been charged, but to take them before the ICJ you must first determine who the responsible parties are. You must determine who is responsible for contracting the debt in each country. Each country has people who are responsible for this. However, I would not speak so much of the people who contracted the debt but of those who squandered that money. A small debt of $10, $20, or $50,000 is not bad if the money is properly invested. No, I am not complaining about the fact that they gave the Latin American countries that money. They had to give them something. What hurts is that the money was thrown away, it was squandered, taken out of the country, etc., that the people got nothing from that money. But to bring them to court will not be easy. I think we are going to have to consider taking them before God's justice. [laughter] This will be much easier than to bring the responsible parties before the ICJ. [applause]

The other guilty parties, imperialism and neocolonialism, have been around for so many centuries. I do not think that imperialism and neocolonialism could be brought before such a formal organization. They must be tried by the court of history, and I think we are doing this. I would say that the first and most important step would be to create an awareness. Without this the people and the masses cannot be moved. I explained that when we waged our great struggle in 1985—and we could not continue with the struggle because we had done all any

human could—we said that we had to wait for the events to determine what would happen. I think that the events will determine what will be done. We are already seeing things happen.

I think the summit in Mexico is a result of all this; it is the result of the economic crisis, the debt, the Central American problems, and the spirit of independence prevailing in Latin America. All is beginning to happen. However, the most important thing to be done is to work directly with the people, the masses. This is why I said that we met with the Latin American mass organizations. We did not meet with governments; we met with the people. I firmly believe that if the governments do not resolve the problems, the peoples will. We warned the leaders of the democratic processes about that. We told them that this crisis, this debt, these problems—should you attempt to pay this debt despite the restrictions and sacrifices involved—would lead to social explosions in Latin America. We said that we were not worried about coups d'etat at this time. That danger may return. Imperialism can still turn to some desperate solution, but that has to be a very desperate solution.

When did the democratic process begin? When did the military governments give in to the pressure of the people? When the situation started getting tough for them; after they mortgaged their countries to the hilt and they realized that they could no longer manage their country. The situation had gotten out of hand. After they mortgaged Latin America for approximately $350 billion—the military are not responsible for the whole debt, but they are responsible for a large part of the debt, at least half of the debt—they gave power back to the civilians. They kept a certain authority, like acting as arbiters when they felt like it or when it was to their advantage, but they gave the administration back to the civilians for the civilians to handle the economic crisis. That was when the democratic process, so much desired by the people of Latin America and the world, began.

The peoples of Latin America and the world were happy to see those tenebrous regimes, the military regimes like the Argentine regime, disappear. I am just giving you the worst government as an example. Everyone will be happy the day the Chilean people are free of Pinochet. We could say that the Pinochet regime has been the military mafia that has lasted the longest. Despite the economic crisis, that military regime has not yielded. It has remained in power with the use of a ferocious repression. But we warned the governments about the dangers surrounding the democratic processes, and we also told them that coups d'etat were not one of those dangers. Back in 1985 I said that the military was not interested in taking over power. Since the situation is so bad, and explosive, I feel that, for the time being, the military is not that interested in taking over a government. If the situation should improve, if the governments could get the money they had at a certain moment, then I would have no doubts that there will be attempts to save the homeland from disorder, chaos, etc., anarchy, of all those excuses used to carry out a coup d'etat in Latin America.

But we warned them and told them that they would be to blame if this critical situation unleashed generalized explosive situations. I truly feel that the social situation in Latin America could not become worse. Maybe it will; life teaches us many lessons. If we were to analyze Latin America's current economic and social picture. [sentence as heard]

As I mentioned earlier, with the Alliance for Progress the Latin American countries were offered $20 billion, but today those countries are paying more than $20 billion each year. Yet they were only given $20 billion in 10 years. They are being asked to pay a $400-billion debt. Today, the Latin American population has doubled and so has their problems. The number of marginal areas and unhealthy neighborhoods has increased. There are cities, possibly in Lima, where, if I am not mistaken, at least 60 percent of the population lives in those marginal areas. I have no idea how many people live in the marginal areas of Sao Paulo, Rio de Janeiro, and Mexico City. Mexico City is growing so fast, and no one knows how to control this situation. It is believed that by the year 2000, in only 12 or 13 years, there will be 30 million people living in Mexico City. No one knows what kind of social and economic problems will develop in a city with 30 million people.

The ecologists are studying the situation. They have estimated the number of rats per person. [laughter] According to their estimates, there are four rats per person in Mexico City; they must have 72 million rats. [laughter] There are 500 tons of contaminated air; 500 tons of contaminating particles that are released through chimneys and exhaust pipes every hour; 500 tons per hour. This is happening in a city located high above sea level where the amount of oxygen tends to be lower. They have also calculated the number of common criminals in the city—they are called common criminals; however, they are the result of a very bad social situation. I believe that they calculated that the city has 500,000 common criminals. I think they also mentioned approximately 2 million unemployed people and 5,000 slums . I read this information some time ago, but the Mexican ecologists know the problems of their city. We are also seeing those problems in Sao Paulo, Rio de Janeiro, all over the place, and in Lima. I ask myself: How and who will be able to resolve all those problems? Even the pope understood that an explosive situation is being created.

I was very happy when I heard some of the statements made by the pope. Of course, the pope visits Paris, London, New York, and Rome. Nothing happens there. I don't think Mexico, excuse me, Rome or Paris, have slums. I don't know what they have—I have never had the opportunity to visit those two famous cities. I are

sure that when the pope arrives in Latin America and meets with the laborers in Venezuela and starts talking about employment, bread for the workers; when he meets with Ecuadoran Indians and starts talking about land for Indians, for peasants; and when he meets with the town people in Lima, he starts talking about employment, housing, and medicine for the unemployed and the sick—that this is subversive. To stand in a Lima neighborhood, where there are millions, 4 million people, and speak of employment, medicines, and schools—that is subversive. If I go there and say those things, they would say that I am promoting the most extreme of social revolutions. I still remember the dispatch I read about the pope's visit to the area. I can remember reading that the people said: Holy Father, we are hungry, we have no food. Holy Father, we want to work and we cannot find a job. Holy Father, our children are dying and cannot get medical attention. That dialogue between the pope and man is historic. Anyone can see that this is an explosive situation. I repeat this. The destabilization we are witnessing is proof of this. We are already seeing a number of problems arising, and I do not wish to mention countries by name, but instability is growing in those areas.

The first governments elected after the opening of the democratic process have lost support in a relatively short time. This is evident. Governments that at a given time had the support of 70 and 80 percent of the population today are being criticized by 70 percent of the population. They lack the support of 70 percent of the population. The situation has turned. The weakening we were talking about has begun. Furthermore, polls in certain countries like Brazil show that some people have begun to yearn for the military days. Of course, the military is not that interested in taking charge of that corpse. [laughter] But there are some people who have begun to yearn for those days. The military knows that taking over a government under such explosive situations only means multiplying the possibilities of an uprising or a revolution. They know that; they have enough common sense. Therefore, they just sit back and let the political parties and civilians weaken and see what happens; they wait and see if the situation improves.

Explosive situations are being created, but we did not preach explosive situations. We were not preaching violence. That was not our idea. We said that to wage this foreign battle we must unite from within. We told this to the peasants, laborers, and students. During the meetings we always told them that we felt that unity was necessary; that a broad internal front, to include all the social sectors, had to be created; that the various countries had to unite in order to wage this battle. We gave much importance, much objective importance, to this struggle to erase the debt; to create the internal and external front to struggle not only to erase the debt but also for the creation of a new international economic order. We gave much importance to the struggle for integration. I felt that at that time internal and external unity were a priority in order to achieve the objective. I felt that unity was the appropriate strategy at that moment; that the workers had to arm themselves with courage and make sacrifices.

We even said that all the money being paid to cover the interest on the debt—back in 1985 it was approximately $30 billion; in 1984, in interest alone those countries paid approximately $35 billion—we said that with the $13 billion that Brazil was paying out each year a country could be developed. If that money paid out in interest was invested, that $13 billion in convertible currency... [changes thought] Here in Cuba with $1 in convertible currency we can invest $3 and we can do the same with a pound sterling; with every pound, we can invest 3 pounds. We multiply any convertible currency by 3 when we make a domestic investment. And Brazil, a country with much industrial development, a country that produces much of the equipment used by its industry, could have carried out quite an important development program with that $13 billion it was paying in interest.

We even told the workers that they had to make some sacrifices, that they had to wait. I said that if the debt was not paid, then part of that money could be used to improve the situation of the workers. That money could be used to improve the health and education programs and the standards of living. But we also warned them that if the debt was not paid and the $13 billion was just distributed, then the situation would get worse. If you don't pay the banks and only distribute the money, then the situation gets worse. What we tried to do was create, among the popular sectors, an awareness of the fact that if the debt was not paid, that money should be invested.

We were far from making subversive suggestions or encouraging violence. I told them that I wished it could be a bloodless outcome [parto sin sangre]. I think that the social changes must occur, and they will. Those very big structural changes you mentioned in your final declaration must occur. That outcome must occur, and I only hope that it will be a bloodless one. If a bloodless outcome does not occur, then we will see violent, very violent outcomes, bloody outcomes, very bloody outcomes. I don't think anyone is preaching a bloody outcome. Anyone who believes in a bloodless outcome will chose it over a bloody outcome. But the situation must be resolved and the peoples will resolve it. That is why it is important to draft ideas and theories; that is why it is important to create an awareness regarding all these problems. We hope that the political leaders, even if they do it because it is good for them, will understand this.

The 1985 Latin American politicians have weakened. This hurts, but they have weakened. And what caused this weakening? The objective problems, the current situation, and the policies implemented. They have weakened because they never took the bull by the horn, as they should have done. We called out to the patriotic

feelings of the people, the national feelings of the people. Survival was at stake in 1985; today, stability is at stake, and I would even add that today, social peace is at stake in Latin America.

That is why I give so much importance to the work that you can do. This is work that must be done. I know I cannot ask you to make political decisions because if you were in government you would do many things. If we had people like you in government, I think the whole situation would be easier. We would have made much progress. However, you are not in government yet; many of you are not in government. I think what you are doing is the best. Spread the words written in this manifesto—I am calling it a manifesto. Spread these ideas, create an awareness among the masses, and you will see that once the masses are aware of this we will be closer to the resolution of the problems, in one way or another. [applause]

[Leon] Carmen Celeste Avila, president of the Venezuelan Economists Association, has requested the floor.

[Avila] Commander Fidel, before I ask my question allow me, on behalf of the Venezuelan delegation, to express our fraternal and revolutionary greetings. [applause]

We, the Latin American and Caribbean economists who are visiting Cuba, have been able to see the progress made by the Cuban revolution in important areas like health and education. I would like you to speak to us about the process of rectifying errors and negative tendencies, and the goals of this process.

[Castro] Well, I could say this is my specialty. [laughter, applause] I must warn you about a certain myth that imperialism has spread throughout the world after it realized that it could not deny the huge social success achieved by the revolution; their use of the media to discredit the economic efforts of the revolution and the economic development of the country. Many times Cuba's successes in the fields of education and health are presented as if this country has only been successful in the fields of health and education, as if we could do this without an economic base. However, this is not our only success. We have also received much international support for our—let's call it—new economic order on which we have based our relations with the socialist countries. The sugar we sell to those countries has great purchasing power, as does the nickel and other products we sell to the USSR. I think that Carlos talked about that. He gave me a copy of his speech. Don't think that he showed me a copy before he made the speech. After he made his speech I asked him to lend me a copy so that I would know what has been said and to what point we agree on certain things. [applause] Carlos spoke of some economic successes of the revolution, but just to give you a few examples:

We have made progress in the generation of electric power; we have made much progress when compared to the electric power we were generating prior to the revolution. It is currently 7.3 percent of what [words indistinct]. We have multiplied our electric power generation nine times over what it used to be.

Let me give you other figures: Our steel production was so small that today we produce 17.1 times more than was produced before the revolution triumphed. Of course, we did not begin by producing millions of tons. We began producing some tens of thousands of tons of steel. Now this amount is being doubled. In the next 3 years we are going to double that amount. Therefore, we can say that our production is 34 times what it was. We did not have much to start from.

Our current production and refining of oil is 83 percent higher than in the past. This does not mean that we are using 83 percent more oil. We use 300 percent more oil than we used prior to the triumph of the revolution. But this oil is being used in our textile industries, transportation, hospitals, schools, and by our people: 85 percent of the homes in our country have electricity, and there are some areas where almost 100 percent of the homes have electricity. In the next 3 years a million people who live in the eastern mountains and other rural areas will also have electricity.

We are currently producing 96 percent more nickel than we were prior to the triumph of the revolution. We are just finishing the construction of a 30,000- ton plant; this is a new plant that is producing much more nickel, at least 50 percent more than prior to the revolution, and we are building another 30,000- ton plant. We are not only building plants to process nickel but also to separate nickel from cobalt. We are not only going to become important nickel producers, but also cobalt producers. Once these plants become operational we will be producing approximately 100,000 tons of nickel compared to the 19,000 tons we were producing when the revolution triumphed.

And I am not even talking about the machine-building industry area because in that area we have really grown. Why? There is a big difference between zero and 10. We had zero machine-building industry; zero production of electronic equipment, television sets, refrigerators, radios, and sugarcane combines.

You must remember that before the revolution triumphed we were using 350,000 sugarcane cutters; today we are only using 70,000. If that is not economic development, then what is? In the past our people had to cut and pick all the sugarcane by hand; today, almost 70 percent of the work is done by machines; what is not cut by machines is picked by machines. We have been able to save on 300,000 workers who are today working in other areas of our economy. If that is not economic development, then I don't know what progress in the economic field is. In the past almost all our agricultural

transportation was done with oxen; today it is done with trucks and tractors. Oxen were used to prepare the land; today we do this with machines. In the past all our construction was done by hand; today we have cranes, prefabricated material, and other equipment. In the past rice was harvested by hand; today it is done with combines. We use planes to fertilize the land. We have increased, by at least 100 times, the amount of reservoir water for use in the areas of agriculture. This is only to mention a few examples. These are all important economic advances. However, you won't find them mentioned in UPI, AP, or other dispatches. [applause] They only mention our progress in the fields of education, culture, and health.

I could mention some more examples just for your information. Our cement production has increased; production as well as use of cement has increased by almost 5 percent, 4.7 percent, but this year it will be 5 percent. Our cement production capacity has increased by 5.4 percent. We are now planning to increase our production capacity in order to cover our construction needs.

Our production of fertilizers is 7 times greater than in the past. Our production and use of fertilizers in our agriculture has increased. Our citrus production is 13 times greater than in the past. I don't have the exact milk production figures, but I know it has also increased, as have pork and poultry production. I know that the rice production has increased by 2.6 percent; vegetable production has increased by 2.3 percent; potato production has increased by 3.1 percent; and our egg production is 8 times what it used to be. I forgot one—our fish production is 11 times what it used to be. This is some proof of our economic development. If not, then how have we been able to build schools, hospitals, etc.?

I don't deny that we have an excellent index in the field of education. Latin America has an illiteracy rate of 28 percent; in some countries it is more, in others less. However, we only have approximately 1 percent illiteracy. We have to be honest. These are old people. Just for the record, these are old people who can't learn. But you will not find an illiterate young person. If you visit a factory you will find that the young worker has at least completed 9th grade, 12th grade. In Latin America they have a 28-percent rate of illiteracy; 17 percent of the Latin American children between the ages of 6 and 11 have never attended primary school. All our children have attended, or are attending, primary school. At least 90 percent of our children between the ages of 12 and 16 are in school. In Latin America, 35 percent of those children have never attended school. The Latin American infant mortality rate is approximately 65 percent; Cuba's infant mortality rate is 13.6 percent. It is doing much better than many developed countries. In a few more years, 4 or 5 years, we will be below 10 percent. We could say that in Cuba we are practicing a sophisticated type of medicine.

Speaking in the same hall, the president of UNICEF once said that if Latin America had the health programs Cuba had, at least a million children a year could be saved; approximately a million children could be saved each year if they had the same health programs we have. We may not have as many cars as other Latin American societies have, but we have teachers. We have as many primary school teachers as we need. We have a reserve of 18,000 primary school teachers. Our schools have not stopped producing teachers, and we are not going to stop. We use these teachers to give other teachers a chance to further their education. During the early years of the revolution 70 percent of our teachers did not have a degree. Today, 100 percent of our teachers have degrees. We also have the 18,000 reserve teachers. They are getting paid, and they work. We have 10,000 teachers who are furthering their education. When the revolution triumphed our teachers started their training after completing 6th grade. They would study an extra 5 years. Today, we have our plan so that all our professors and primary school teachers can study to get their bachelor's degree. For this they have to go the university for 5 years. We give then a year or two, with pay, for them to study.

In the future these teachers will go to the university after receiving their bachelor's degree, and they will do 5 years at the university. This will be done little by little, and after 1990 they will enter the university after receiving their bachelor's degree, and they will graduate from the university with a bachelor's in primary education. We are doing many things.

In the field of health we are doing many new things, truly new things. I think we are ahead of everyone in the field of primary medical care. With our family doctor program we stepped ahead of everyone. It is going to be very difficult for the other countries to catch up with us because it took us 15 years to get where we are. We began by training doctors, good doctors. We have done a lot in this field. Today we have more than 2.5 million people who are being taken care of by the family doctors. Each year 1 million people are incorporated into the family doctor system. This was a revolution, but I will not talk to you about this. I will say that we have done an excellent job in this field. I had to speak of this because it was only fair that I should clarify this subject.

Carlos talked about our merchant navy and he said that we had a few old boats, a few old boats [repeats himself]. Today we have more than a million tons. We have a fishing fleet that goes out fishing around the world. In the past most of our fishing was done in a row boat.

What about our road system? We have more than 30,000 km of highways and roads. Our main railroad system has been rebuilt. Our machine-building industry has been born. We have more than 100 research centers. You have mentioned the need for science and technology; you said that more modern states are needed. I think that you said that: More attention must be given to the fields of health, education, science, and technology. We have more than

100 of those centers. Some of our centers are among the first in the world, like our Genetic Engineering and Biotechnology Center, our Immunoassay Center, our biology research centers. Soon we will finish building our Tropical Medicine Institute. This is an excellent institute.

We are also making great progress in the field of vanguard technology, in the field of electronics. We have quite a broad program in this field. We are also advancing in the fields of genetic engineering and biotechnology, in our software [preceding word in English] program. We are also working in the field of robotics. Perhaps someday our people will only work 4 hours a day and we will let the robots do the rest of the work. We have no objections to increasing work production; increasing work production means alleviating the work load. At this moment we are working very hard to recover lost time. I will talk about that later. I have not forgotten your question, but just give me a minute to do my promotional bit. [laughter, applause]

We are quickly developing our machine-building industry. Above all, we are working to develop all the vanguard technologies. We don't want to stay behind. This is all part of what we have done, and we could feel very proud of what we have done. Fine, we do feel proud, but we are also critical of all that we have done. We will never be satisfied with all that we have done because we could have done many more things and better things, especially now that we do not have an illiterate people, that we have tens of thousands of engineers, or all kinds of professionals, of economists. We have thousands of economists. According to a letter you [Leon] wrote a few months ago, we have 18,000 economists.

[Leon] We have 18,000 economists.

[Castro] We have 18,000 economists. I have to find out how many accountants we have.

Does this mean that we are doing things right? Does it mean that we are using our human resources properly? Does it mean that our education system, even though it is excellent, could not be better? No, we do not feel that way, and we are not pleased with all that has been done because we feel that our education system can be improved, that our health system can be improved, and that our economy can be much more efficient. We believe this, and we are studying all those factors that conspire against our efficiency.

If you [not further identified] move back a bit I can see the lady who asked this question. [laughter]

We are studying all those factors that conspire against our efficiency. We have been doing this in a very critical manner. We have focussed on criticism. We began to focus on criticism after the party's third congress. There were many people who were very happy about many things. There were many things that we could feel proud of, but we also had quite a few things that we could not feel very proud of. In the Central Committee's first report, after the first congress, we mentioned all the good things, but at least 10 pages went to criticize what was wrong. You can just imagine how many things can be written down on 10 pages. And we observed several problems, very interesting problems. This had nothing to do with the structural changes you spoke of.

You are now dreaming of great structural changes; of better distribution of wealth, more social justice, a modern state. We are already trying to do all this. We have made very large structural changes, as large as could be done. We have made all kinds of changes. We are trying to create a modern state and a new society. All of this is a great adventure and an enormous experience. The worst part of every revolutionary process is that it has to start from zero experience. All the processes, without exception, had to go through this. All the past, and future revolutions, go through this process.

Latin America has seen many revolutions; Latin America had its war of independence. It also saw many other revolutions. Some prospered, others did not. However, something was accomplished. I believe that the Russian and the Chinese revolutions were launched with zero experience. Sometimes these revolutions were made under very difficult situations. All you have to do is think about the Russian revolution. That country had been weakened by wars, intervention, and invasions. It took very big sacrifices, gigantic sacrifices to carry out that revolution. It was a miracle that they could overcome all their difficulties and begin the reconstruction.

Every new revolutionary process is a new experience, and it also demands that corrections be made if something is found to be wrong. Throughout the process negative tendencies are developed and mistakes, of all kinds, are made. We made them. I don't think we made strategic mistakes, irreversible mistakes—if my memory does not betray me, I think that phrase was used by Carlos in his speech. I think he had a whole paragraph on the fact that we had not made any strategic mistakes. Now we must establish the difference between a strategic mistake and a tactical mistake. We say that a strategic mistake is one that cannot be corrected; we have not made that type of mistake. I think that our process was prevented from making some of the mistakes other processes made, but we did make mistakes; we do have our crop of mistakes.

Carlos explained how during the first years of the revolution we made several mistakes involving idealism. There were moments when we wanted to skip phases. We were thinking that this was the way to build communism. We fell into a great and negative level of unequal distribution. That was wrong. You cannot build communism without communists, and the communist is not born, or does he emerge, spontaneously. I think Che

spoke of this at length in the book you were given, or sold. I don't know how the merchant spirit of the economists association works. [laughter]

[Leon] It was sold.

[Castro] I hope it was not expensive.

[Leon] No, it was not.

[Castro] There was no unequal trade here? [laughter]

[Leon] No.

[Castro] How much did you sell it for?

[Leon] For two [words indistinct].

[Castro] How much? Dollars or pesos?

[Leon] Two pesos.

[Castro] Two pesos. Well, that will make you appreciate the book even more. [laughter] Don't think that the idea behind selling it was to make a profit or exploit you. Well, had it been me, I would have said give them the book as a gift. They come here and donate books. [applause] Just imagine if they were to sell this final declaration. The idea of selling it for 5 or 10 centavos would not be correct. What is in this final declaration must be promoted, and I think that Che's economic thoughts must be promoted.

What were we talking about before I asked about the book?

[Leon] Of the mistakes.

[Castro] I know we were talking about mistakes. [laughter]

[Leon] Idealism.

[Castro] That's right, idealism. As I was saying, we tried to jump over the socialist phase and go into communism. But you cannot have communism without communists. We made serious mistakes, very serious mistakes. However, I feel the mistakes we made later were even more serious.

During the early days we did a lot. We developed the idea of voluntary work and we created a revolutionary awareness and the internationalist spirit. That internationalist spirit, which our people can feel very proud of, was formed during the early days of the revolution. What is this spirit all about? I'll give you an example.

When the Nicaraguans asked us for 1,000 teachers we asked for volunteers. I am not talking about teaching in the capital city. I am talking about teaching in the mountains, in far away places where those teachers, mostly women, had to live the way the peasants lived. Sometimes they had to live in the same house with the peasant, his wife, his many children, his horse, and cow. Most of those women who volunteered as teachers had their own children. When we asked for 1,000 volunteers, 30,000 teachers volunteered; and when the counterrevolution killed some teachers, 100,000 more volunteered to go. [applause] I wonder if there is another society or country where you can ask for volunteers and find that 100 percent of the primary school teachers volunteer. Only 2,000 teachers went to Nicaragua, but rest assured that if any other Latin American country asks us for 10,000 teachers, we can get those teachers in 1 day, in 24 hours. There is no doubt about that.

When South Africa invaded Angola we asked for volunteers and more than 300,000 people volunteered to go. More than 300,000 Cubans, civilian workers, Armed Forces combatants—they are our people, many of whom are in the reserves—and Armed Forces officers, have gone to Angola in the past 12 years. You can see that the fertile seed of internationalism has truly blossomed among our people.

Internationalism is the mirror for a people's conscience; it reflects the conscience of a people. Internationalism reflects the spirit of solidarity among men. If there is no spirit of solidarity among men there is no spirit of solidarity among the peoples; and if there is no solidarity among men, there can be no internationalism. Internationalism is the result of education, of a generous altruistic feeling. If you do not have a people who are willing to sacrifice for their own homeland, then they will never be willing to sacrifice for another country. If you have a people who are not willing to share with others, if they do not practice solidarity at home, then they will not be able to practice internationalism thousands of miles from home. That is a truth.

That was the kind of virtue that was created during those days of idealism. And we corrected the effects of idealism. We made more than one correction in that area. I feel that this is a much deeper process, a very ample process. We had to make corrections in order to surpass the phase that we called the phase of idealism. During those days no attention was paid to material encouragement; there was egualitarianism. However, we surpassed that stage, and 10 years after we implemented the new economic planning and guidance system, for which we copied some of the experiences of many socialist countries, we began to see the results.

We have seen how mistakes were made in the implementation of that system and how negative and varied tendencies resulted. The first negative tendency was to believe that the economic mechanisms in socialism would work the way they do in a capitalist system. It was a mistake to think that capitalist ideas and categories, their ideas of self-financing, profitability, and economic estimates, would work out beautifully in our system. It was an illusion, an illusion [repeats himself]. No matter

how perfect those mechanisms may be for the capitalist system, they will not always prove effective in socialism. The capitalist system is moved by strings, according to the market situation; that system is based on competition, the open price system, and the absolute absence of a planning system. Here, in Cuba, we had the idea that the whole system would develop spontaneously. We started forgetting our political tasks, and some of those mechanisms which we implemented began to affect the people's revolutionary spirit, the people's altruistic spirit. That was the truth, and we became concerned about the long-term effects of this situation.

Our country is very proud of its spirit of solidarity and internationalism, but those virtues were getting weaker. Voluntary work began to weaken. The administrators wanted to resolve their problems with overtime. Our country had practically forgotten what overtime meant. Many people were not using their regular working hours properly and would put in 3, 4, 5 hours of overtime. The enterprises were given a certain amount of responsibility; however, this resulted in some problems. For example, the rules and regulations were ignored; they became obsolete. If the work you do is done according to specific rules and regulations, these must be revised periodically depending on the situation. This calls for a constant struggle. We probably thought that the economic measures, that desire to make a profit, to receive awards and cash awards, would be enough. We probably thought that the administrator would become sharp-eyed and demand more from his workers. We probably thought that this system would be different here, that it would not function the way it does in a capitalist factory. But that was not what happened.

The administrators began to forget the rules and regulations; they set goals that were very easy to reach and surpass. We would find ourselves with goals that were surpassed once, twice, and three times over. New techniques were introduced, but the rules remained the same because any change would have meant problems. We also began competing for manpower. This was done with easy-to-abide-by rules and regulations and increasing wages. These were the kinds of things we were seeing. You would find a worker with very high wages who did nothing to contribute to production. It was the result of distorted ideas. The idea of resolving everything with money began to develop. Just imagine what happens when you make people believe that everything can be resolved with money. A U.S. worker gets higher wages, but his cost of living is also higher. I ask myself whether a country that makes a revolution only 90 miles away from imperialism can afford to disarm itself ideologically, renounce its spirit of solidarity; whether it can afford to alienate man and develop the tendency of resolving all its problems with money.

When we realized what was going on we had big problems. We were seeing changes, but we also saw problems, mistaken ideas, and planning mistakes. We tried to replace everything with money. The construction sector was making a profit of 500,000 pesos. Before we would say: Build a school. The situation had reached such a point that when 500,000 pesos were allotted for the construction of a school the construction enterprise would dig four holes, put in four pillars, and claim that they were out of funds. You never found out where 100,000, 200,000, 500,000 pesos had gone, and the school was never built. The works that in the past had been done at an adequate speed began to take a lifetime to complete. The construction enterprises were making money just by moving the land, starting the construction, laying the foundation, and setting up the pillars. They were making much more money and they were also receiving awards, etc. However, when the work had to be finished productivity dropped. The first phase of construction was done with cranes, bulldozers, etc., and this meant money. However, when they had to give the construction its finishing touches, screw in screw after screw, that was too much work and it did not represent much money. So it took years to complete construction. Incredible things were happening.

One day I sat down to figure out how long it would take to build a road—of course, this is a special example—that was begun back in 1975. This road joined two important areas and 100,000 pesos a year where given for this construction—the total cost was approximately 1.5 million pesos. Well, I figured it out. It would take 65 years to build that road. [laughter] In the days of idealism we would have built that road in 2 years, 2 and 1/2 years at the most. There were some dams that took 12, 13, 14 years to build. In 1975, when this negative tendency began to develop, when everyone felt that the problems would resolve themselves, the building of a dam would take 22 years. In the past that same dam could be built in 2, 2 and 1/2, 3 years. This was all the result of those mechanisms being implemented. We were wasting money, cement, steel, sand, fuel, tires, equipment, and manpower; it would have taken us 22 years to get a single drop of water. Not all the projects took that long to complete—I am just giving you some examples—but the completion average was 10 or 12 years. Planning mistakes were also made; this was also part of the economic planning system.

Another example of this phenomenon was the machine-building industry. They had to produce 90 different products, but they only produced the 40 or 50 products that brought in the most profits. They did not even try to produce the other 40 products because they meant more work and less money. What happens to the machine-building industry if it has 90 products to produce and only produces 40 or 50? What happens to the country? They were letting themselves be ruled by a mercantile mentality. I once said that our administrators were acting like shoddy capitalists. They did not have the capitalist efficiency but they were playing the role of capitalists.

The quality—quality was being affected by all those bad ideas. During our international fairs I have talked with many, many capitalists. I talk a lot with the capitalists,

and I always ask them the same question, which is not easy for them to answer. I always ask: How do you reconcile quantity with quality? They just look at me and say: Well, we have strict quality control rules; we have electronic equipment to do this work. That's easy if you have the machines, if you have robots.

The day our quality control is done by machines or robots we will have no problems with quality. A robot can put out an excellent product. An automatic lathe can produce 500 identical pieces; our best lathe operator, our Class A lathe operator, cannot produce 2 identical pieces if he makes 500 of them. There are many aspects of mechanical precision that can only be done with a programmed automatic lathe. However, when I asked the capitalists how they were going to reconcile quantity and quality, some would say: Well, we are going to make changes, we are going to pay higher wages; we are not going to demand quantity, we are going to improve quality. The capitalists themselves don't know how they are going to resolve the problem of quality, yet we had our group of mechanisms that were conspiring against quality. The idea was to produce in quantity, to get higher wages, and to surpass the goals, once, twice, three times over, despite the cost. All those problems were being seen.

The party was operating almost like a religious organization dealing almost entirely with internal matters. I was saying that our party only had to dress women like nuns and men like priests. [laughter] It was a Marxist-Leninist religious order devoted to internal matters. Since those mechanisms resolved everything, the party could devote itself to internal affairs. That was a concept that was linked to some of these technocratic, bureaucratic ideas. I would say that those ideas deviated from the true essence of Marxism-Leninism. I would even add that these were ideological problems; however, this was not intentional. Some of those technocrats could quote, off the top of their heads, such and such a paragraph from Volume 23 of Lenin's works. They knew all that was written on each of those pages. They were sort of witch doctors of the tribe. They—and don't doubt it—were the ones who scientifically interpreted every word ever written or said by Karl Marx and Friedrich Engels. They were well-read men who did not miss a single comma ever written by Lenin. Many of their ideas were appropriate.

I think that at a given time the party, involved in internal affairs and other tasks, also failed to pay attention to the economic field. This was supposed to be an area for experts. The party, therefore, also developed a negative tendency. We were given the plan and we studied it every year. The Politburo would meet and discuss the plan. I usually got much information on the work being done. I participated in the drafting of many development plans, the drafting of the education, health, agricultural, highway, road, and dam plans. I knew how the work was going. I knew how long it took to build a rural basic secondary school; more than 500 of these schools were built in a few years. However, some people began to oppose the construction of the basic secondary schools.

The student at a basic secondary school combines study with work. The students work 3 hours. They pick citrus products. These are excellent institutions; these are institutions that truly follow the teachings of Marx and Marti. Marx and Marti always believed that it was necessary to combine education with work. They became believers in this system after they studied the problems of the British working class, of the 10-year-old child who was working 15 hours. They felt a child in a communist society could work and produce; they felt the child should work and produce while receiving an education. I think we were the first country to massively introduce this work and study system. But those well-versed men did not believe in this system because they had not seen a similar system implemented in other socialist countries. What happened at an enterprise that based its production on the work done by those children? Who got the profit? Who gained from this? These things clashed; they were not part of the plan. Voluntary work was no longer part of the plan. We had begun to think that this was a way to keep the children entertained. That's what it was. Today we can see it. Don't think this was done openly; it was done quite subtly.

Those same people had the idea that a day-care center was a social investment, that is was a useless expenditure—as if a day-care center was a form of recreation for the children. The day-care centers, like the ones we are currently building, can take care of 210 children. This means that 210 young and highly qualified mothers can go to work as engineers, planners, professors, doctors, highly qualified workers, and middle-level technicians. Almost 55 percent of our technical work force is made up of women. This is a result of the revolution's educational programs. In the capital city alone there were 19,500 mothers who were asking for day-care centers. And what did we do? We had a 5-year plan that included building five day-care centers. It would have taken us 100 years to meet the demands for day-care centers; 100 years because of a technocratic and bureaucratic idea.

Each of these circles represents jobs for almost 50 women. At those centers the child receives excellent care and education. Each center allows 210 women to go out to work. Don't those day-care centers also contribute to increasing production and furthering social and economic development?

Expenditures in the area of health were also described as social expenditures, and we began to see big differences in the investments to improve the system. We began to see some problems. All those technocrats were against the mass programs for the training of doctors that today have allowed us to do all those things we are doing. They were also against the construction of roads.

When we met each year to discuss the next year's budget we would talk a lot, I would talk a lot. However, the plan for the year was presented to us already in final form. We could make changes, issue an order for the continuation of a certain job. Our agricultural development practically came to a standstill. That's the truth. Investments were made based on a plan. A cattle plan called for a brigade to build the dairy, another one for the roads and highways, another for waterworks, and yet another one for building homes and schools [words indistinct] and stores. But the experts, those men with a technocratic mentality, invented some kind of a planning system in which the roads were built by the Construction Ministry, schools were built by the Ministry of Education, and the day-care centers by yet another organization. The construction of houses was left in the hands of the people's government. Those technocrats destroyed all that was being done by one organization. They thought their mechanisms could work magic. They thought that a miracle would happen and that every time a town was built the Ministry of Education would come in and build the school, the others would come in and build something else, and so on. We ended up having lots of ghost towns. Those towns had houses and no streets or sewer systems. We had dairy farms and no towns; we had towns without dairy farms; we had dairy farms and towns without roads and water. It was a madhouse. Putting things in their proper order, something that should be quite simple, was like trying to work on a complicated jigzaw puzzle. It was a headache. It is impossible to work without an overall plan in a country like ours.

We stopped building homes in the rural areas. The idea that each person had to build his own home began to develop. You can build a dairy farm, you can have electricity at the farm, you can have milking machines, but if you don't have an overall plan and if you don't build homes, you will not have people to work at those dairy farms. The technocrats forgot to pay attention to the needs of the people. This had been very important for us, and it is a very important part of our rectification process. They only thought about money. What good does money do if the workers do not have a place to live? Why didn't the workers have a home? Because all those plans came to a standstill as a result of those technocratic ideas.

In those day we also had the minibrigades, but they said that the idea of the minibrigades clashed with the economic planning system. The party's first congress approved the minibrigade system; it was something sacred. Being against this system not only clashed with the principles of Marxism-Leninism but also with the economic planning system approved during the first congress. It is not all as simple as Carlos put it in his speech when he said that we were busy with our defense system and a thousand other things. It is true that there was a lot of that, but many of the problems were the result of the plans drafted by those men who were well-versed in Marxism-Leninism, men who had the socialist experience, the experts. This is why we decided that it is the party's prerogative to make decisions, and that is what we are doing today. This is what the party directorate is doing today. But I was talking about houses.

If you have the money, but do not build homes, day-care centers, and schools, then you have nothing. Basically, the technocrats wanted to resolve all the problems with their economic mechanisms. I think they underestimated the importance of ideological and political work. We don't know what kind of an effect this would have had on our country's future had we not undertaken this rectification process when we did. As soon as we realized what was going on we implemented the rectification process to correct those mistaken ideas.

I was telling you about the minibrigades. We found the solution to our housing problem 17 years ago. The capital city did not have enough manpower so we suggested that each factory provide a group of workers to build houses and other social works. The workers were happy with this plan. Thousands of excellent workers joined the construction brigades. How did this system work?

The men who remained behind at the factory had to cover for those workers who had joined the brigades. The members of the minibrigades built homes for the factory workers. The factory workers were happy and the minibrigade workers were happy. They were helping resolve an important problem. But 5 years after the system was implemented the technocrats began saying that the system was no good. Then the system began to fail because, according to them, this clashed with the economic planning system. They claimed that this system had proven that there were too many workers at a factory. They said that no factory should have more workers than it needed. They were right. All my life I have fought against having too many workers in a single factory. I have always fought to ensure that only the necessary number of workers are employed at a specific factory. The minibrigades were created under the concept of extra work. If the factory had 100 workers and 10 were borrowed by the minibrigades, then the remaining 90 workers should do an extra 15, 20, or 30 minutes of work to cover for those other 10 workers.

The problem was that in our country, like in any other socialist or capitalist country, for one reason or another we always have more workers than we need. You know this is true. The capitalist system would like to have fewer workers, but then the unions would begin to complain. The socialist system would like to have fewer workers, but there is too much paternalism. They thought this could resolve the problem. A revolution begins with much unemployment, and in the early years we were really pressured by this unemployment. So, we filled our factories, enterprises, etc., with workers.

However, I will add something else now that we are expanding on the reasons for this phenomenon: the concept of narrow profiles. This is a concept which is in contradiction with the our work concept. We did not have a multiple assignment system. Perhaps there was a historic reason for this. Perhaps it was the high rate of unemployment, ignorance and all those things, the inflated payrolls, the organizational system. Perhaps it was caused by the natural desire of anyone in office to have an empire under his rule—you give him an office and 15 men to work with, but he wants 35 workers because he does not feel important enough with only 15 workers. No one knows how high the payrolls were inflated at the factories. But we did discover that one of the causes for the problem was the lack of multiple assignment, the narrow profiles. One man sweeps the floors, another one cleans the walls, and the other cleans the windows, when one man could be sweeping the floor and cleaning the walls and the windows. There were three men doing the work of one man. The narrow profile issue was very important, and we are really studying this matter in this rectification process. We are studying every aspect that hinders the efficiency of our production.

Another big problem we found—a historic conquest of the proletarian in the face of capitalism—was the promotion system. But we found that this promotion system was affecting our new generation of properly trained men. A new piece of equipment was not given to the best operator but to the oldest operator. A new piece of equipment, a new technology, was not assigned to the right person, but to the person who had more years of service. We have been talking this over with all our workers, and whatever comes from this will be for the good of the country. Once we rid ourselves of the idea of narrow profiles and start the broad profile and multiple assignment systems, we will have greater efficiency in our factories. This problem has practically nothing to do with the directorate system; it has more to do with our cerebral system, with common sense, culture, experience, and knowledge.

Could the economic mechanisms resolve all these problems? Could we have resolved the problem of inflated payrolls without a serious study of its causes, of all those factors that created inefficiency and increased costs? Why are workers employed in areas where they are not needed? It is better to train him to be a teacher and keep him in reserve; it is better to train him to be a doctor or a nurse and have him work with the community. By definition, socialism should never have too many workers. The day we find ourselves with too many workers, then we will just have to reduce the number of work hours. [applause] This is something only socialism can do. Capitalism cannot do this. Socialism offers fabulous possibilities that capitalism cannot offer. [applause] If we begin to play with capitalism we will miss out on all these possibilities. This is why I said that there were too many workers in a factory, a capitalist or socialist factory.

The workers were happy when they were building houses, day-care centers, and other social projects. We combined individual needs and interests with group needs and interests. There were times when the minibrigade workers built houses for the other factory workers; at other times they were sent to build day-care centers. Sometimes they worked at the construction materials factory and even helped build important steel industries. We had created a great movement and those mistaken ideas destroyed the movement. What were the results of this?

In a city like our capital city, where there are so many possibilities, where the job centers and factories are practically full, this rationalization process is done very carefully. We built factory after factory, and not a single worker is left without a job. When we expand a hospital, we say: We are going to do this in such a way that the same number of personnel can take care of the expanded facilities and increased number of beds. The same is done when we expand a center; we use the center's personnel to do other things, to increase production.

However, those mechanisms created an enormous amount of paperwork and bureaucracy, and we found ourselves drowning in a sea of papers. But the workers helped out.

As I was saying, it is not easy to find construction workers in the capital city because anyone who can find a stable job near his home will choose that job over the nomad life of a construction worker even if the construction worker is getting good pay. Many people prefer a stable job. We then began losing our work force. One day we asked ourselves what happened to the construction of houses; it seemed to us, at that time, that we did not have enough construction material. But when we got the construction material we realized that what we did not have was the work force. And in a place like the capital city, with 2 million inhabitants, we were only building 3,800 houses a year. Yet we needed four or five times more houses. Unhealthy neighborhoods that had already disappeared began to appear again. Tens of thousands—not as many as in Rio de Janeiro, Mexico, or Lima—were living in unhealthy neighborhoods. We had 50,000 people living in those neighborhoods. This may only represent 2.5 percent of our population, but that was high for us, because those neighborhoods had already disappeared. Since we did not have construction workers, we began to look for workers from the eastern provinces to fill our needs. But the man from the eastern provinces who came to the capital city refused to leave after his work was done. [laughter]. He came to the capital city and brought his large family with him [laughter] and there are already too many of us from the eastern provinces in the capital city. As you will understand, we did not need too many more of us here. [laughter] [applause]

The man from the eastern provinces came to the city and stayed here. He looked for four pieces of lumber and started building a shack and an unhealthy neighborhood

was born. Tens of thousands of families lived in those shacks. They not only lived with the discomforts of such a home, but also with the fear that the homes would fall on them. I have seen those areas; I visit those areas. I visit the small cities and all those other areas. But those bureaucrats never in their life put a foot in one of those neighborhoods. When they got themselves a nice home, they forgot about those who still lived in unhealthy neighborhoods or rooms.

When we started our rectification process we drew up a list of all those families who live in shacks, in those small cities, in those unhealthy neighborhoods. I can add that we still have 500,000 people who live under difficult conditions. It is also true that if you visit those homes you will find that they have a refrigerator, a television set, the children have their uniforms, they go to school, they have all they need, they have a good income, and they are not hungry, but their housing situation is bad. All those problems accumulated in the capital city and those bureaucrats destroyed the only possibility we had for resolving the problems, namely, the minibrigades. Perhaps they thought that a huge carrot dangled in front of each worker was going to make them leave their factory and head for the construction sites. The movement was created on the basis of much political and mass work. Those technocrats were allergic to [words indistinct] does not smell good. They did not like the smell of [words indistinct] it was not part of their economic plan. That is the real, underlying truth. We saw this very clearly. But what happened? We got into real trouble as far as housing is concerned, and one of the first things we did when we implemented this rectification process was to bring back the minibrigade movement. We started with the capital city and today it has spread throughout the country. At this moment we have more than 25,000 minibrigade members on the payroll.

It has been proven that given 800,000 workers in the capital city, 1 out of every 8 works with the minibrigades. It would have been nice if you could have had a chance to visit them at their work site. If you could have only seen their work spirit and how well they work. The minibrigade members no longer work 44 hours a week. They work a minimum of 60 hours a week; a minimum of 60 hours. They build houses, day-care centers, social works, and schools, and the socialist state is not spending a single extra centavo in wages. What a miracle! It has to be a miracle; otherwise, how could we get them to do it? Threatening them with a bayonet? What economic mechanism or carrot could we use to get them to do all these things. Man does not do things like this for money. We don't deny the efficiency of material encouragement and the need to apply the socialist formula. We don't deny this.

We have always told the minibrigade workers, not so much the minibrigade members who are only working 10 hours a day, but the workers of a contingent mobilized by the party and working 14 and 15 hours a day, we have told them we are going to pay them for their 14 and 15 hours of work. They have said they don't want overtime. I ask them what overtime? They don't consider their 9th, 10th, 11th, 12th, or 14th hour as overtime. Men who work with that kind of spirit don't consider these hours as overtime, nor are they working for money. But we are going to pay them for their work because we don't want to sacrifice them. And those workers are receiving excellent attention. You should see how they are responding to this attention. They don't live in a sty. Their camps even have air conditioning. They also have doctors in the camps. They get preventive medical checkups. This system is being expanded to include all the minibrigade members. They get the food they need and they also get dental care. They receive all they need.

But they are not the only ones who are working. There are many youths who once a week spend a whole night working at a day-care center. We are working day and night on some of these social works. The next day the same youth goes back home to do his own work. They do this once a week. Our students help out once or twice a week. They put in 3 or 4 hours of work. The retired people, residents of the area, and children also work. I have seen children working like machines. They work like the British children but without the slave system the British had. Those children have tremendous energy. I recently saw a 12-year-old-girl, a sixth grader, who was working like a machine. She had a week off from school and lived in the area where a day-care center was being built. She would start working at 1100 and go home at 1800. Seeing her work was like seeing a machine at work. Even the children are working.

Using a revolutionary method, how many people do you think we could mobilize to resolve all these problems? As many as we want. With them we can build a new city twice over. Not a new Havana, but a new Paris. You have to see to believe what I am talking about. I see this because I visit those areas; I like to see what is happening. Biology and cybernetics students, university students work on their Saturday off; sometimes you can see them on Sunday morning. The strength that this movement is gaining is incredible. It is becoming a snowball. We can mobilize hundreds upon thousands of people, but we don't have enough construction material or projects. We are going to resolve our problems with 25 percent, with 20 percent, of the work force we can mobilize. Must we give this up? In what book written by Marx, Engels, or Lenin does it say we must give this up? No capitalist could do this. No capitalist can ask the worker to work 60 or 70 hours building houses. They would solve lots of their problems.

Half the houses being built by the minibrigades are distributed to the factories and the other half are distributed by the state to teachers, doctors, retired people, and other sectors, who do not work at a factory and who cannot form their own minibrigade. You have to see how the workers have reacted to this system. Does this clash with an economic planning system?

It has been very easy to resolve this so-called problem. We have established the principle that the factory pays these worker's wages. The other workers at the factory handle the production. But the state reimburses the factory for the wages it paid the minibrigade members. Instead of affecting and conspiring against the system, it improves efficiency at the factory, it reduces the costs of manpower. Resolving the famous problem was as easy and simple as Columbus' egg. Today no factory is complaining; the system resolves problems for the group; it resolves problems for the families. Everyone is happy. The factory continues to operate efficiently, the minibrigade movement has not affected its efficiency.

Today we are beginning to see the results of this movement. I have already inaugurated seven day-care centers. In the past, it would have taken us 7 years to build those centers; that is, if they were built. We are building 50 day-care centers; next year we will build 50 more, and in 2 years we will have taken care of our needs with regard to day-care centers. The minibrigades have done this. They have also built 600 family doctor house-offices. Whereas an enterprise would not be able to do this, to build in 600 different areas, the minibrigades from various municipalities, organized by the different factories, can build those 600 family doctor house-offices. They are also building 24 special schools for 12,000 students who need special education and 50 day-care centers. This year they will also build 8,000 houses, and next year they will build 600 more family doctor house-offices. These houses will be even bigger because not only the doctor, but also the nurse, will have a house. They are going to build another 50 day-care centers, the 24 special schools, and 20 polyclinics. In 2 years, the city's need for day-care centers, special schools, and polyclinics will be covered.

In 1989 the minibrigades will start on a very big plan that includes building many primary and secondary schools so that we will have a whole network of modern schools. They will also be helping out at the construction material industries because a lack of construction material is the only thing that can stop us. All this translates into is a slight increase in our use of fuel.

I have given you this specific example so that you can see what we are doing. As one plan is completed, another one begins. The masses have rediscovered what they are capable of doing, what they can do. If you were to leave this hall at this moment, you could visit 30 day-care centers where the minibrigades will be working into the early morning hours. In this country, where a construction project was started and never completed, the minibrigade movement is completing big programs in a matter of months. They are working with a true revolutionary spirit, so why should we give up those mass methods, those revolutionary and socialist methods? Why should we turn the masses into zeros to the left? Why should the help of the masses clash with a system that directs and plans our economy?

As I said, being able to determine the efficiency of a factory is based on acquiring experience in and knowledge of how a factory should be organized and directed and how competent cadres are formed. We can even learn much from capitalism; we can learn some of their organization and direction techniques, their use of computers. We don't have to use the same motivations the capitalist system uses, but we can learn from their experiences in efficient organization. Once we achieve this in every factory, once we have overcome the problem of narrow profiles and the mistaken idea of promotion, then we will know whether we can, or cannot, be efficient.

We already have factories, mostly new factories, where the payroll has been cut by 50 percent. Yet these factories are producing three times more. They have even received awards for their quality. This year, one of those factories implemented all these ideas and was awarded first prize during an international fair.

Our potential and possibilities are enormous but we cannot use them. Believe . when I tell you that, at this very moment, we cannot apply these ideas in all our areas. No, we cannot. If we did, we would create a social and political problem. We are doing it little by little in every new factory we build; in those factories that do not need extra manpower; in those provinces where we lack manpower and it has to be brought in from other areas. Little by little we are applying these techniques and experiences. We are not rushing. There have been some cases where we have had to send workers home with their full pay. We have to ask them to wait at home until we find a job for them. Rationing is not easy but we are doing it because we are not technocrats; we are revolutionaries, we are politicians. We don't believe in implementing a brilliant idea and humiliating 300, 400, 500, or 600 workers. Can you think of a better way of rationing work than with the minibrigade movement?

By the end of the year we will have 30,000 minibrigade members. You should see what these minibrigades have done. Incredible. I wish you could have seen what they have done. I know that you have visited many places, but you were not taken to one of those social works. I would have liked you to have had the chance to talk to those workers; to see what the people, what our youth, can do. They represent an enormous potential. Giving this up would be madness. The rectification process involves precisely this: using the mass revolutionary methods without clashing with our economic planning system.

However, we have always said that rectification is a very broad concept. The idea behind it is to correct recent and old mistakes; to correct mistakes and mistaken concepts that date back before the revolution; correct mistakes that date back centuries. For example, the struggle against the discrimination of women is rectifying a mistake that dates back centuries. The revolution is a rectifying process, it is a way to find new solutions to old problems. I have talked about the economy and material

production, but other tendencies also developed in our schools. The promotion system—efficiency was measured according to promotions received. We are changing all those things. We lost the ability to demand the best of everyone. I feel that some of our material problems were affecting our services. The teachers were no longer demanding the best of their students; we had problems with quality. We had already increased the education level of all those teachers and doctors, the education level in all the areas, but we were seeing a weakening in their awareness. And the party had turned into a religious order.

Today we have established that man must be the center of attention, that this attention is essential, and that the party must be right in the middle of the process. The party has now left the convent [laughter] and it is no longer a party that only does the administrative work. No, it is a party that will ensure that a policy is followed; a party that will not allow a factory that has to produced 90 products to produce only 50; a party that will not allow political jobbery or soft rules. It will not allow quality to be sacrificed. It will not allow a project to begin and never get finished. It will not allow any of these negative tendencies. But today we have a tremendous party, which is something we did not have during the early years of the revolution. Today the party has more than 500,000 members.

I wish you could see this hall tomorrow. I will not invite you because it will be filled by Havana Province assembly delegates. The party secretaries and administrators of the most important factories will be present here tomorrow; the ministers will be here tomorrow; the party secretaries for each province will be here tomorrow. The first secretaries of the party in each province will be here because this is a school, a tremendous experience. We are going to analyze this rectification process.

Now you must remember that there is an important part of the activities of the state that are not ruled by economic principles. Education operates on the basis of a budget. Health, cultural activities, defense, the struggle against crime, and many other things within a socialist state cannot be ruled by economic mechanisms. And if we do not have a policy to prepare cadres, if we do not make demands, and if the party does not work, then how can we do all this? We are not going to turn our medical services into paid services and we are not going to turn our education into paid services. No. We have trained excellent doctors. You should to see these doctors when they are taking care of their 600 patients. We have 4,000 doctors working as part of this system. It is a pretty new plan but we are gaining experience. We have trained a man who is capable of working, not only for money but because of his deep political, human, and ideological motivations. Otherwise, why would the 100,000 teachers volunteer? Alienate man the way he is alienated in a capitalist country; visit any capitalist country and ask for 1,000 doctors to go work where our doctors go. Are our Latin American doctors bad? No. They have the same education we have. Many times those countries don't have a teacher to send into the rural areas, but there are teachers to work in the cities. Many times they don't have a doctor to go work in the rural areas, but there are doctors to work in the city. Today our doctors and teachers not only work in the rural areas but they also go abroad to remote places like Vietnam, Laos, Cambodia, Yemen. We will always have men and women willing to do this. All we have to do is ask.

Must we sacrifice these values created by the revolution? Could we maintain this process 90 miles from the United States without these values? Or are we going to compete with the United States in material goods and encouragement? Are we going to compete with a highly developed consumer society? Could we build socialism in this country on the basis of material encouragement alone? These are some of the questions we must ask ourselves. The answer is that the two types of encouragement must be used. We must avoid falling into a state of equalitarianism into which we fell in the past. We must apply the socialist formula. I agree, but we must also find the secret of efficiency. There are many technical factors, as well as moral and political factors, involved in the search for this secret.

I am not just speculating; I am not telling you a pretty story. I am talking facts. Yesterday I inaugurated seven day-care centers and a nursing school in five municipalities. I was caught along the way and taken to the nursing school. But I saw the people; I saw what they can do once their awareness has been awakened, what they can do when they have trust. What an attitude. It had been a long time since I had seen this. We are already seeing this. Tomorrow at our assessment meeting we are going to analyze all these things. For the next 3 days we will analyze the results, factory by factory, because today the party knows what is going on at a day-care center or at a school. The party knows how the system operates. We have our members and Communists at these schools and centers, and we also have the people. Don't think that the party members and the youth are the only ones who are revolutionaries. They are only a group. Our people are revolutionaries; our masses are revolutionaries. [applause]

We are reviewing the whole process; we are analyzing every aspect of the process. We are doing this slowly. This is not a cultural revolution or anything like that. We have not incited the youth or the students against other generations in order to resolve these problems. Nothing of that sort has been done. Our rectification process is being carried out with much order. We continue with the system because a system cannot be changed from one day to the next. We are trying to improve it, to remove many of the negative aspects present in the economic planning system, and we are establishing rules. At this moment we cannot do anything else; we should not do anything else.

We are analyzing certain ideas. I will give you an example. The efficiency of an enterprise responsible for the distribution of production material was measured according to its sales; therefore, it was measured by its profits. We were seeing a whole lot of commercial and service enterprises that were profitable, but the production enterprises were not profitable. The sugar industry was probably considered nonprofitable despite the tremendous effect that sugar production has on the country and the multiplying effects of our sugar. It could be said that the sugar industry was not making a profit just because the production cost for a ton of sugar should be $160, and because of a drought, or some other problem, that same ton cost $180 to produce. Yet, the enterprises that were offering their services to the sugar industry were making a profit, the commercial enterprises were making a profit, but the sugar industry was not. Then what had to be done? Close it? Close it and see what happens to the country. That same ton of sugar that costs $160 to produce can be exported for $500 or $600. Then the country is very profitable.

Therefore, this is not the way to determine if an enterprise is really making a profit. You have to make sure that it is operating efficiently; you have to study the costs and find mechanisms to measure efficiency. You have to compare two sugar complexes with the same amount of land and using the same technology. We have to improve the mechanisms, but they are not going to be based simply on profits because we may have one complex using more advanced technology than the other one. The fact that a complex lost 20 pesos in the production of each ton of sugar does not mean that it has to be closed. We must also remember that the country made 300 pesos off each of those tons and used that money to improve our education and health systems, and many other things.

Here in the country we have established a price differential [diferencial de precio]; to use a capitalist term we will call it a distribution tax. This means that since cigars are harmful to your health, you will be paying a peso for each cigar. We also sell our rum and beer at higher prices, and we do this in order to sell our milk at a lower price. I think this is one of the advantages socialism has over capitalism because milk in a capitalist country is more expensive than beer and rum. But the capitalist does not care if the people get drunk. Our country wants the children to drink milk and this is why we don't have children suffering from malnutrition. There was no other alternative but to subsidize milk, so let rum, beer, and cigars subsidize milk.

The difference between the production cost and the sale price is what the brainy ones called the distribution tax. [applause] If you wish, you may continue to call it that, but I will call it a price differential. The word tax is music to the ear of the capitalist, and since they were playing to the capitalists they decided to call this price differential a tax. They studied the difference between the production cost and sale price and called the difference a tax. I prefer to call it a price differential because it is more a difference in price than a tax. This price differential is based on a distribution and consumption policy and on a health policy. If we don't have these policies, then what the devil do we want socialism for? We could have saved ourselves lots of work, problems, and headaches if we were going to do the same things socialism [as heard] does.

So, as I said, we are trying to improve our economic system. We are improving it and we know its weak points. We are dealing with the snake and we know that it is full of poison. But we are getting to know the snake; we are playing the flute to charm it; we are taming the snake, making sure it won't bite. Then what are we doing? Well, the party is studying all this. I said earlier that efficiency at the enterprises responsible for the distribution of the raw materials was measured according to their sales. What happened? They did not care whether the factory had more raw material than it needed; they just kept on selling. The factory wanted to make sure that it had all the raw material that it needed, especially imported raw materials. They knew they could have some problems and the administrator's only interest was to meet a deadline. We found ourselves with factories that had two, three, four times the amount of raw material they really needed. That money was just buried there. Why? Because the distribution mechanism, the distribution system, and efficiency were measured according to their sales. Now we have said that efficiency will not be measured according to sales. We need distributing enterprises; we don't need enterprises that are out to make a profit. Within the party we have asked ourselves: Should we measure the efficiency of a commercial enterprise by its sales and profits? Are we a society of consumers? What are we encouraging our people to do? Save or purchase? I ask myself that.

If a citizen can do with 4 meters of cloth, then why should we pressure him to buy 22 or 23 meters? This only means that we would be asking the country to waste on manpower, fuel, and raw material when it does not need to. If a man is already eating 1/2 pound of bread a day why should we encourage him to eat 3/4 pounds? He will probably blow up and explode one day [laughter] or suffer of some heart disease. [laughter] Should we promote the sale of shoes, cigars, perfume, and beer—one day we would find ourselves with commercials on television saying: smoke this cigar; it will give you cancer but it gives you great pleasure when you are nervous or tired; [laughter, applause] this is what we see in the capitalist system—or should we promote savings—suggest that instead of buying 20 meters of cloth to buy 15 and save the rest for the future. This helps development and contributes to the domestic financial balance. It is almost like if that person were lending money to the revolution. I wonder if we should find ourselves some commercial-minded cadres to convince someone to buy something when he really wants to save his money or buy what he needs? These are some of the serious questions we have been asking ourselves.

A commission has been appointed to study all the changes we must make. The Politburo sits down for hours and days discussing this matter. The days of the technocrats, the super experts presenting ready-made plans are over. The days when the politicians just acted like idiots, doing what the technocrat wanted and how they wanted, are over. The technocrats are not politicians; the technocrats can sink a country. There is nothing worse than a technocratic council. The politicians must first think like politicians. They must decide how things are to be done. You must first meet with the workers, talk to them, explain the ideas to them. We have talked with the workers many times and we have explained that in a socialist and capitalist system you have to seek efficiency; that there are many developed capitalist countries that failed to pay attention to efficiency and have been left behind. This is the case of the United States.

Efficiency is an objective law of socialism and capitalism. Both socialism and capitalism must search for efficiency, development, progress; know that human resources must be used efficiently, that we should not have more workers than we need. [Words indistinct] how those workers can be trained to work in other, and more useful, areas. We explained to the workers how socialism can do this; how the services can be increased in all the areas and not give all the attention only to the productive sectors. We explained all this to the workers. We asked them if they understood this and whether they wanted this system. There is nothing easier than to persuade a worker when something is good. But the technocrat does not do this; he will never do this, and we saw this on several occasions.

We have to analyze everything from a revolutionary and political viewpoint. Anyone can say let's save 20 million pesos in wages and send 5,000 or 6,000 workers home. What a senseless thing to do. Can a socialist system do something as inhuman as that? No. But a technocrat will do crazy and inhuman things. And we know what has to be done. The party is analyzing all this.

The plan is no longer being drafted by a group of wise men. We have changed all that. Every organization, factory, and worker participate all year long in drafting the plan. Now we have a more rational and better analyzed plan and not something that was drafted by a group of wise men and presented to the party directorate at the end of the year when it is impossible to draft a new and more appropriate plan. This process is a revolution within a revolution. It is a calm and peaceful revolution, without extremism, and it involves many things. It is a broad concept.

Please forgive me for this lengthy explanation, but I have tried, with examples, to give you an idea of what this rectification process means, what this struggle against mistakes and negative tendencies means. Its meaning is much more ample than the words used to describe it. [applause]

[Leon] Comrades, I think we have run over the scheduled time, but it has been a pleasant experience thanks to Comrade Fidel. However, Comrade Fidel and many of us have to attend tomorrow's assembly, which will be held in this same hall. I think that if Comrade Fidel agrees, we can conclude this event during which Fidel participated.

Before I conclude, some colleagues and comrades have sent me a note asking me to express our recognition and appreciation to the Palace of Conventions workers for their excellent work. [applause] One example of their excellent work is that we already have the first copy of the official report of the congress, and please allow we to present it to Comrade Fidel. You will be receiving your copies tonight. Thank you.

[Castro] Thank you.

What? A cocktail now?

[Leon] There is a cocktail, and you are cordially invited.

[Castro] Does that cocktail have shrimp?

[Leon] We don't know what the cocktail has, but it has something, and we would like to invite you to share a few minutes with us.

[Castro] Let me check on my time. I have things to do tomorrow, and I don't want to fail the assembly members.

Haiti

CEP President on Candidate Certification

FL302206 Port-au-Prince Radio Nationale in Creole 1400 GMT 30 Dec 87

[Excerpts] We have learned that Article 291 of Haiti's new Constitution, which shunts aside for 10 years all zealous partisans of the regimes of both Francois and Jean-Claude Duvalier, will be fully, strictly, and properly applied. This was stated by attorney Jean Gilbert, president of the new Provisional Electoral Council [CEP], yesterday during a news conference at the legislative palace.

Mr Gilbert explained during the news conference that if you, as a candidate, are accused of being a Duvalierist and you do not show proof to the contrary, you do not deny the accusation and the CEP cannot accept your candidacy. He also said that the reasons for rejecting a candidate and all supporting documents will be made public after the candidacy has been rejected.

The CEP president said: I want everything to be done democratically, with no chicanery and no graft. The Haitian people are tired of the disorder that has prevailed in Haiti ever since 7 February 1986 following the

departure of Jean-Claude Duvalier. The people want peace. They want to resume normal life. They want to have a democratically-elected president, said Mr Gilbert. [passage omitted]

Mr Gilbert said that they (?would) soon issue authorizations to all journalists to enter the polling stations so that the journalists could properly observe the balloting.

Gilbert refused to comment on certain accusations regarding misappropriation of funds made against the members of the first CEP. Gilbert announced that he (?would) make public some letters accusing certain members of the first CEP of chicanery and/or graft, but he did not give any details of the accusations.

Further on News Conference

FL302303 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 30 Dec 87

[Text] For the first time since its members were sworn in, the new Provisional Electoral Council—the National Government Council's [CNG] CEP—met the press at the legislative palace yesterday. Eight of the nine members were present. The treasurer, Mr Beaudin, was not there. According to the CEP president he has a lot of work to do.

CEP President Mr Jean Gilbert acted as its spokeman throughout the news conference. He began by listing all they have been able to accomplish since they were installed 15 days ago. He said that they had inherited a disjointed organization and that they had decided to fire all the personnel of the first CEP—the constitutional CEP. He said that they had been simultaneously working on the new electoral law. He added that after the publication of the electoral law they had formed the Departmental Electoral Offices [BED] and the Communal Electoral Offices [BEC] throughout Haiti, and he asserted that the electoral machinery is now in motion. What remains for them to do, he said, is to prepare the elections.

Journalists then asked the members of that CEP several questions.

In connection with the electoral machinery already in motion, the journalists wanted to know how many people have filed for the 789 elective positions to be filled, ranging from CASEC's [Administrative Councils for the Communal Sections] to the presidency.

Mr Gilbert answered that it was not up to them to tell people to go run for office. Candidacies were filed with the BED's and the BEC's; therefore, they could not know how many people have filed.

The journalists added: Why did you extend the deadline or filing candidacies? What will you do if there are not enough candidates? The CEP president is convinced that there will be candidates for all positions.

Asked what percentage of people had to participate in the elections in order for them to be valid, he said that they could not force people to go and vote but that they think that people want an end to disorder and instability and therefore people are going to vote.

Regarding the ballots and the balloting, which is not going to be secret, the CEP president gave a demonstration of how the ballots are going to be folded—which will show only whether you voted for senator, president, or deputy, without the person's name showing. He added that the voter would then deposit the ballot in the ballot box. However, Article 51 of the CNG's electoral law says that the president of the polling station is to deposit the ballot for the voter.

The journalists asked if all candidates, even those to the CASEC's, had to print their own ballots. The president answered that he thought that for the CASEC's there were some institutions that could help candidates prepare the ballots. He did not specify which institutions.

How are they going to know whether or not a person is eligible to vote? Gilbert answered: On the day of the election the voter will bring a document that identifies him. If the voter does not possess such a document two prominent figures would accompany the voter. The old electoral card can be used to identify him. The reason they did not register voters is because there was no time.

What was your criteria for choosing the members of the BED's and the BEC's? The CEP president said: They were chosen democratically, with the population choosing the people they wanted. But when the journalists cited several cases as examples in which members of the BED's and BEC's were from Port-au-Prince, Mr Gilbert said that it was not obligatory for the population to participate—that under the electoral law they had the right to choose those people themselves. How do you feel today in regard to the people, who know that you are not constitutional? Mr Gilbert answered that he felt fine, that he is familiar with the history of Haiti and that he wants to do something for Haiti.

Concerning Article 291, the CEP president said that they would interpret the article and apply it correctly.

He also noted what he termed chicanery and/or graft within the former CEP—the constitutional CEP. He said that they had letters that they were going to send the press, and they read a report of a meeting (?written) by a member of MOVELH [Mouvement de Volontariat pour des Elections Libres et Honnetes, Volunteer Movement for Free and Honest Elections] which said that the people who were present at the meeting to form the polling stations leaned toward the National Concerted Action Front's candidate.

But the journalists made many comments about the documents that are to be sent to the press. They wanted to know why the CNG's CEP hadn't just gone ahead and

made the documents public yesterday, since the documents are in their possession and since they did not only just discover the documents yesterday. It was commented that they had surely discovered the documents earlier, so why did they have to waste time sending the documents to the press?

PDCH Reiterates Call for CNG Resignation

FL302145 Port-au-Prince Radio Metropole in French 1700 GMT 30 Dec 87

[Text] During a news conference this morning the Haitian Christian Democratic Party [PDCH] again called for the National Government Council [CNG] to resign.

The CNG is living its last days, its final minutes; the people must prepare to celebrate, to joyfully sing the death of this government, said Mr (Wisler Pierre-Louis) today. (Pierre-Louis) is in charge of propaganda for the PDCH.

The PDCH also discussed the political ignorance and the arrogance of the members of the new Provisional Electoral Council [CEP]. As regards the 17 January elections, the PDCH said it does not think that elections can be held in Haiti without the desire of the Haitian people. We are going to listen to an excerpt of the PDCH news conference.

[Begin (Pierre-Louis) recording, in Creole] What we have seen clearly, and have already studied, is that the current CNG is just a dead body that doesn't know that it is a dead body. We say this because throughout the history of mankind, political science teaches that there is a time for a politician to come to power. When he does come to power, there is a certain way to govern that will enable him to stay in power. But there is also a moment at which a politician should be smart enough to know that his time is up, that he can no longer stay in power.

All serious analyses show that the CNG in Haiti cannot stay on any longer, that the CNG can no longer hold elections. The CNG's big problem is that its advisers have unbridled ambition (?which prevents them) from allowing things to really be studied objectively. They are not dispassionate enough, and that is why today the CNG cannot see that it is on its last legs.

In view of this situation, while the current CEP, which we could say is an immoral CEP... [changes thought] Despite the fact that they are headed by a lawyer, they have shown that they are totally ignorant, by the way they have come on strong to people, under the current circumstances, thinking that they are going to hold elections. This shows that university-level studies in Haiti should be reviewed, so that when students graduate they can at least analyze socio-political events. [end recording]

Residents Leaving Capital Before Elections

FL310005 Port-au-Prince Radio Metropole in Creole 1700 GMT 30 Dec 87

[Report by Jeremie correspondent (Ertho Zamor)]

[Text] We have received a press release from attorney (Jean-Claude Fignole) asking the people to not participate in the elections that the government and the second Provisional Electoral Council [CEP] are planning for 17 January 1988. Now we have received another press release, from Abricots, where (Fignole) lives.

The note says: We, the people of Abricots, have decided that we are not going to participate in make-believe elections. We ask the people in the four communal sections not to participate and for them not to lend their houses to serve as offices, because we of the town are not going to lend ours. The people who had agreed to be members of the Communal Electoral Offices agree not to participate again. We ask all candidates in the commune to stand firmly with us and not file as candidates. The country wants a change. We must all be united so things can change. Long live a free and democratic Haiti.

Several people sign the note in the name of the population of Abricots.

For the past week we have noticed that many people who were in Port-au-Prince have arrived in Jeremie or other parts of the Grande Anse with their entire family. When a bus, truck, or boat arrives in town, it provides a big spectacle for the people of Jeremie. They are stuffed with travelers. Of course, this is terrific for the proprietors of the boats and the buses jam-packed with people, but it is dangerous for those traveling.

This exodus led us to ask the people why they were flocking here like that. They said they had hurried to get out of Port-au-Prince because they think things might get too agitated there in January and that they preferred to come here.

For the people of the Grande Anse, with elections held by the second CEP, Port-au-Prince is really a place to be avoided.

'Repressive' Actions Reported in 2 Towns

FL302336 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 30 Dec 87

[Excerpts] A report from southeastern Haiti reveals that the population of Cayes Jacmel has its back against the wall and is in big trouble. Here is what a note sent us says:

We the youth of Cayes Jacmel are very indignantly announcing to the public that we are being much harassed by the heavy-handed actions and the arrogance of the Army chief in Cayes Jacmel, adjutant Andre Jean,

and his little soldiers. He appears to have received orders to cut down the young people. For example, he has arbitrarily arrested a school teacher and a group of young men.

Every evening, for any old reason, adjutant Andre Jean and his acolytes start shooting. The people in the area are tired of this climate of fear.

The adjutant has made it known to everyone that daytime is for people and the night is for the Army and for demons, from 2000 to the following morning. [passage omitted]

There is the same cry of despair from Pointe a Raquette, on La Gonave Island. In a press release, the population says: The population of Pointe a Raquette is very concerned over the current political situation in Haiti. In Pointe a Raquette things have begun to deteriorate. Macoutes and the macoute army are becoming increasingly repressive. The Pinochet system has already begun on La Gonave.

On Sunday, 27 December, the committee of the CDCP [not further identified] met to discuss how to avert a series of plots that the macoutes were putting into effect against the committee. That same day, the commander of the subdistrict made it known that he had received orders directly from Anse a Galets to arrest the committee's president, (Lenin Veillard).

We know that the Constitution gives everyone the right to assemble in committees and in groups. We, the population of Pointe a Raquette, would like the captain to give a valid reason for the heavy-handed arrests, which no one understands. We denounce this to the human rights league and national and international public opinion so that they can take a stand against the vile actions that are taking place on La Gonave, mainly in the commune of Pointe a Raquette.

In solidarity with the committee of the CDCP, we ask everyone on La Gonave to rise up to the last man to prevent the Pinochet system from continuing to be applied on La Gonave Island.

Costa Rica

Refusal To Accept Panamanian Envoy 'Definite'

PA301240 San Jose Radio Reloj in Spanish 0100 GMT 30 Dec 87

[Text] Panama—Deputy Foreign Minister Jose Maria Cabrera justified statements made by David Pere, Panamanian ambassador to Costa Rica, that in this country a plot was being prepared to murder General Manuel Antonio Noriega and to destabilize Eric Arturo Delvalle's government.

At a conference today before the Foreign Affairs Commission of the Legislative Assembly, the diplomat said that Pere's statements derive from the prevailing situation in the northern part of Costa Rica bordering Nicaragua. Pere recalled that in that area clandestine airstrips were built and that after March 1978 arms were transshipped when the war intensified against the Anastasio Somoza government, overthrown the following year; the arms transshipment continues unchanged, according to Pere.

Surprised by statements by Panamanian Deputy Foreign Minister Jose Maria Cabrera, Costa Rican Foreign Minister Rodrigo Madrigal Nieto said that the withdrawal of ambassador David Pere from Costa Rica is pressing.

In talks between the two Foreign Ministries it was made clear that Ambassador Pere will leave his post in Costa Rica as head of the Panamanian diplomatic mission during the first days of January. Madrigal Nieto said that the situation that arose following Pere's reports had been clearly defined, and thus the new statements by the Panamanian deputy foreign minister make the situation difficult.

Faced by statements of Panamanian Deputy Foreign Minister Jose Maria Cabrera that in Costa Rica there are airstrips and camps for arms transshipments, Foreign Minister Rodrigo Madrigal described such statements as gratuitous and groundless.

Madrigal Nieto said that [the statements] issuing from a country that is part of the Contadora Group leave no doubt that Costa Rica's image as a neutral country has been damaged, and thus an explanation will be requested from Panamanian Foreign Minister Jorge Abadia.

Madrigal Nieto stressed that it is necessary to resolve this situation once and for all, because these statements took us by surprise. Madrigal Nieto concluded by saying that Panamanian Ambassador David Pere asked to remain in San Jose until 7 January.

Costa Rican Vice President Jorge Manuel Dengo said that it is definite that the Costa Rican Government will not allow the return of David Pere as Panamanian ambassador. Dengo said this following reports from Panama that Panamanian Deputy Foreign Minister Jose Manuel Cabrera said before the Legislative Assembly's Foreign Affairs Commission that Pere had not been fired and will return to San Jose in February.

Dengo reacted with annoyance at this change in position by the Panamanian Government and said once more that Pere cannot ever return as ambassador to Costa Rica because he has lost the confidence of our government following the public statements he made and which he was unable to prove.

Costa Rican Vice President Jorge Manuel Dengo regrets not having declared Pere persona non grata and was annoyed with the way the Panamanian Government contradicted itself. Only a few weeks ago the same deputy foreign minister, Jose Maria Cabrera, informed his Costa Rican counterpart, Carlos Rivera Bianchini, that Pere had been withdrawn from the post as ambassador to Costa Rica. Dengo feels that this reveals difficult internal problems in Panama because there is an unexplained change in attitude, and if Pere was not declared non grata it was out of consideration for the good relations existing between the two countries.

Faced with the difficulties of not being able to arrange all his affairs before the end of the year, Ambassador David Pere asked permission to remain in Costa Rica until 4 January, and later he extended the request to 7 January. The Costa Rican Government granted him this authorization to stay until Thursday, Vice President Dengo said.

However, statements by the deputy foreign minister of the neighboring country before the Legislative Assembly complicates matters because the Panamanian Government is making Pere's charges official.

Dengo said that the statements made by Panamanian Deputy Foreign Minister Jose Maria Cabrera very seriously affect relations between the two countries. Dengo added that he cannot understand why the Panamanians would want to get into such a mess when Costa Rica has already denied being aware of the existence of an armed movement or of a plot to murder Gen Manuel Antonio Noriega. Dengo once more repeated that this is absolutely untrue, but he added that he will place the matter into the hands of Foreign Minister Rodrigo Madrigal Nieto so that it will be handled as it should.

Briefs

1987 Economic Figures

The 1987 economic period will close with a 16-percent inflation rate. Meanwhile, the rates for unemployment will be 5.5 percent; production growth will be 4 percent; underemployment will reach 8 percent; devaluation will be 18.3 percent; and savings will only be 13 percent. The figures provided by the National Planning Ministry indicate that in 1988 the country should increase its savings rate to 23 percent of the gross domestic product.

The current per capita income of Costa Ricans is $1,340. Imports increased to $1.36 billion and exports totaled $1.25 billion. Public sector investments for next year are estimated at 43 million colones [figure as published]. It was indicated that the rate of production growth of 4 percent may be explained by the fact that there was an increase in domestic demand, essentially as a result of a significant increase in the construction sector. [Text] *[San Jose LA REPUBLICA in Spanish 23 Dec 87 p 2 PA]*

Guatemala

Army Opposed to Government-Rebel Talks

PA302325 Panama City ACAN in Spanish 2130 GMT 30 Dec 87

[Excerpts] Guatemala, 30 Dec (ACAN-EFE)—The Guatemalan Army has "advised" President Vinicio Cerezo not to hold a second round of talks with the guerrillas, an Army source reported today.

Army spokesman Colonel Roberto Letona said in a seven-point document presented to the president that "firm opposition to talking with terrorists, robbers, and highwaymen was expressed." [passage omitted]

"It is not possible for 1,000 armed terrorists to impose conditions on a country of 8 million, who have already chosen a democratic life," Letona said.

Letona added that the Constitution itself states there must not be any armed groups besides the Army, and "(the rebels') lack of desire for peace has been clearly demonstrated because all they want is to achieve power through violence."

Letona said that even with this recommendation, "President Cerezo will decide what is appropriate and the Army will respect his decision, although we believe he has already taken our views into consideration," he said.

Letona revealed that for the past 3 months the Army has been carrying out an "intensive campaign" to exterminate the rebel groups.

He said the Army is in control of Guatemala's entire 103,889 square km, "but clashes between government troops and the guerrillas have increased during the past 8 days." [passage omitted]

The military spokesman said one of the reasons for rejecting the talks with the guerrillas is that "there is a schism between the URNG's military and political leaders."

Letona argued that the "Esquipulas II" agreements indicate that "only when the armed groups lay down their weapons can there be a dialogue, and as long as they are armed a dialogue is not appropriate."

The insurgents' proposal for a new round of talks on an undisclosed date was signed by Commanders Gaspar Ilon of ORPA [Revolution Organization of the People in Arms], Pablo Monsanto of the FAR [Rebel Armed Forces], and Rolando Moran from the EGP [People's Guerrilla Army].

The clandestine Marxist-Leninist Guatemalan Labor Party [Partido Guatemalteco del Trabajo—PGT], the URNG's political arm, separated from URNG "because of internal problem," according to the Army.

Honduras

Government Appoints Verification Panel Members

PA301644 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 29 Dec 87

[Text] The Honduran Foreign Secretariat has confirmed that the International Verification and Follow-Up Commission members will visit Honduras on 7-8 January. The commission is composed of 13 countries of this continent and two international organizations, the United Nations and the OAS. Honduras has appointed its two representatives to the commission: Dr Jorge Ramon Hernandez Alcerro, Honduran ambassador to the United Nations, and Lieutenant Colonel Jose Luis Nunez Bennett.

Even thought the International Verification and Follow-Up Commission, CIVS, should be composed of all the involved countries' foreign ministers, it was decided to send plenipotentiary representatives and deputy foreign ministers on this occasion because the ministers will hold a meeting in Panama City once the verification concludes. The ministers will prepare a document to be presented to the presidents on 15 January in San Jose, Costa Rica.

Nevertheless, it seems that none of the Central American countries are willing to open their doors and submit to the commission's verification concerning military matters in each country. No one has fulfilled the most important pledge: the cease-fire and the aid to the rebels in El Salvador and Nicaragua.

According to the Honduran Foreign Secretariat, the CIVS will visit Costa Rica on 4 January, Nicaragua on 5-6 January, Guatemala on 6-7 January, and then arrive in Tegucigalpa on 7 January—where it will work until 8 January—to conclude its tour on 9 January in San Salvador.

It will be difficult to achieve positive results from the Guatemala peace agreement because the simultaneous implementation and verification of the agreements is still the Gordian knot of the situation. The agreement was signed in Guatemala, but each country still uses the so-called simultaneous implementation as a weapon, meaning that if a country does not fulfill its pledge the

others refuse to do so. Things will remain like this until the presidents clarify the situation during the meeting in Costa Rica, which will be held in approximately 16 days.

Nicaragua

Obando y Bravo on RN Talks, Mediator Role

PA302146 Madrid EFE in Spanish 1754 GMT 30 Dec 87

[Text] Managua, 30 Dec (EFE)—It was announced today that the Nicaraguan Resistance [RN] hierarchy has insisted that before holding a new round of negotiations for the establishment of a cease-fire, they must speak to Cardinal Miguel Obando y Bravo in an undisclosed country.

The Resistance hierarchy also expressed the need for a third indirect round of talks to be held in a Central American country and for a Nicaraguan to be part of the Nicaraguan Government's group of foreign technical advisers.

Obando y Bravo said today on Managua's private radio station "Radio Noticias" that all of this is the result of telephone conversations held on 29 December with Resistance representatives.

The prelate spoke with a representative of the "contra" hierarchy to get its reaction to Nicaraguan President Daniel Ortega's proposal to hold a new meeting prior to 15 January in Belize or Panama.

The anti-Sandinists said that just as President Ortega meets with Cardinal Obando y Bravo—the mediator between the two sides engaged in an armed conflict—they also have a right to meet with the Nicaraguan cardinal.

Obando y Bravo said regarding the request made by the Resistance hierarchy that "an effort must be made to please them," but he added that the rebel's delegates had had two opportunities to speak to him in Santo Domingo.

Obando y Bravo warned that "it is necessary to speak clearly and to not change agreements easily, because when that happens credibility is lost," apparently alluding to the Resistance.

Cardinal Obando y Bravo said that if he sees that the negotiations are not making progress while combat heightens, youths continue dying, and the destruction continues, "I will reconsider continuing my role as mediator. I hope that next year we will reflect, be mature, and make wise decisions."

According to the head of the Nicaraguan Catholic Church, the sides involved in the armed conflict, despite everything, still want to continue talking, but he also noted that "when obstacles emerge there seems to be a bit of unwillingness to overcome them," although "there are some obstacles that can be overcome with greater willingness on the part of the two sides."

Obando y Bravo pointed out that choosing a Central American country to continue the indirect negotiations "would facilitate the talks," and he emphasized that if the next round of indirect talks between the Nicaraguan Government and the Resistance were to be held prior to 15 January, he would insist that the meetings be held in a Central American country.

Obando y Bravo will also insist that a Nicaraguan be part of President Ortega's group of foreign technical advisers and that the talks be "face-to-face" to facilitate progress in the negotiating process.

Government Roundup of 1987 Military Action

PA310303 Managua Radio Sandino in Spanish 1930 GMT 30 Dec 87

["Last minute" report by Luis Cabrera]

[Text] The Defense Ministry has reported inflicting 6,332 casualties upon the counterrevolution so far this year. Of these, 4,813 died and 502 were captured. The report goes on to say that more than 600 contras surrendered—most of them during the last 6 months. The report states that our troop casualties numbered 1,352 permanent EPS and Interior Ministry members, and 380 casualties among people's militia, Sandinists, and reservists engaged in different missions.

Civilian casualties: 452 dead, including children, women, old people, and unarmed adults, thanks to indiscriminate attacks by mercenary forces against economic targets, villages, and civilian means of transportation. Peasants killed: 307, including men, women, children, and old people belonging to the people's armed self-defense system to defend against attacks against civilian targets. They fell while repelling the criminal counterrevolutionary attacks. Injured civilians: 3,101; and more than 782 peasants kidnapped by direct action by counterrevolutionary forces.

Direct airspace violations by the United States for the purpose of gathering radio, electronic, and photographic reconnaissance: 146 cases, of which 32 were for strategic reconnaissance. Counterrevolution reconnaissance and supply flights numbered 756—mostly from Honduras for supply purposes. There were 12 U.S. military maneuvers in Honduras with 36,223 U.S. troops participating in them. The report says that thousands of weapons and all types of materiel were recovered from the enemy in more than 3,500 clashes our troops instigated in efforts to constantly harrass the counterrevolutionary groups.

The document states that 1988 will be a year that will prove even more clearly the overall failure of the mercenaries' 1987 plan, and it will bring an end to the criminal war the United States has imposed on us. The fights that

our people will continue to stage will be as intense or more intense than those carried out throughout this war to defend the fatherland, a battle that our people in arms will continue fighting with faith and with a sense of security in a final victory.

We have to say that this report does not include the latest fights mentioned in the 26-30 December bulletins. In other words, to these figures one must add 52 contras who were wiped out during the last few days.

Briefs

1987 Revenue Goals Surpassed

The General Directorate of Revenue collected 581.196 billion cordobas in taxes during 1987, General Director of Revenue Roger Sevilla Molina told this newscast in an exclusive interview. Sevilla Molina said the goal set by the revenue office this year was 562.311 billion cordobas, but the latest figures indicate that 103.4 percent of this goal was met; therefore, 18.885 billion cordobas more than expected were collected. Sevilla said that income taxes accounted for 155.179 billion cordobas, property taxes for 6.974 billion cordobas, and sales taxes for 94.735 billion cordobas. In other areas such as the selective consumption tax [impuesto selectivo de consumo], Sevilla Molina said 285.367 billion cordobas were collected. He said 1987 was a very good year for the General Directorate of Revenue. [Excerpt] *[Managua Radio Sandino in Spanish 1930 GMT 29 Dec 87 PA]*

Panama

Cabrera on Relations With U.S., Costa Rica

PA301255 Paris AFP in Spanish 0025 GMT 30 Dec 87

[Text] Panama City, 29 Dec (AFP)—Panamanian Deputy Foreign Minister Jose Maria Cabrera today stated that despite tensions, "there is stability" in Panamanian-U.S. diplomatic ties.

In statements made to AFP, the deputy foreign minister noted "there have been situations that have been more critical in the past"; he recalled "the tragic events" of January 1964, when 23 Panamanians died and 100 were wounded when they confronted U.S. Army soldiers within the Panama Canal area because of an argument.

Cabrera stated that even if relations with Washington are at their lowest point, "it is in the interests of both countries to establish a respectful modus vivendi to enable us to continue giving firm and determined steps in complying with the obligations that unite us: the Panama Canal Treaties' implementaton and the scheduled decolonization it implies."

Referring to the suspension of financial aid by the United States because of the political crisis in this country since last June, the official stated that U.S. economic assistance programs "are a mechanism of U.S. foreign policy."

The deputy foreign minister stated that U.S. officials are free to give financial support to those countries "they consider politically significant for this aid."

The deputy foreign minister reaffirmed that the group of AID officials that Panama requested leave the country as of 1 December have until next month to comply with this order.

U.S. diplomats and politicians have frequently questioned "democracy" in Panama and have attacked the Panamanian Government, especially General Manuel Antonio Noriega, head of Panama's Defense Forces. They accuse him of corruption, drug trafficking, and violating civil liberties in the country.

Meanwhile, the deputy foreign minister minimized the situation that has resulted between Panama and Costa Rica after David Pere, Panamanian ambassador to Costa Rica, reported in San Jose this month that anti-Castro Cubans in Miami, aided by U.S. diplomats in Panama and San Jose, were preparing an attempt against Gen Manuel Antonio Noriega, Panama's military chief.

The Costa Rican Government requested the withdrawal of Pere and denied the Panamanian ambassador's accusation that weapons were being moved within Costa Rica to destabilize the Panamanian Government.

Cabrera stated that "the event was magnified by the media in a scandalous manner that had even gotten to the point of hysteria."

He added that the local Foreign Ministry office will issue statements related to this subject next week.

Assembly Rejects President's Budget Proposal

PA301630 Panama City CRITICA in Spanish 29 Dec 87 p 2

[Article by Luis Carlos Perez]

[Text] The national budget bill proposed by the executive branch to the Panamanian Legislative Assembly was rejected yesterday.

Reports received by CRITICA indicate that the plenum of the Legislative Assembly Budget Committee yesterday approved a proposal presented by Honorable Legislator Rigoberto Paredes, president of the aforementioned committee. The proposal rejected the nation's budget proposal, basing its decision on two main factors: first, the 10-percent cutback from the 1987 budget proposed by the executive branch would mean the dismissal of

approximately 15,000 to 20,000 public employees; second, the budget proposal did not include adequate financial resources for the implementation and development of an investment plan that could satisfy the Panamanian people's needs.

Honorable Legislator Paredes, who was interviewed by CRITICA, said the Budget Committee decided it is advisable to offer a truce to the executive branch so it can present a new proposal that responds to the country's development needs, because the executive branch was forced to present a bill proposal amid a political crisis that has had a negative economic impact.

Paredes stated that according to the Constitution, if the new bill proposal is not approved, then 1987 budget will be valid for 1988 until the Assembly approves a new budget bill. However, the Constitution does not fix dates or deadlines for the executive branch to present a new budget proposal.

Therefore, Honorable Legislator Paredes added that the Legislative Assembly budget committee will have to make a considerable effort to increase the official budget to respond to the needs of 1988.

'Text' of Draft Media Reopening Bill

PA301606 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Dec 87 pp A-1, A-14

["Text" of draft bill on amnesty for "certain" political crimes proposed to Legislative Assembly on 23 December by Legislator Jerry Wilson Navarro]

[Text] Draft 31

Government Commission

Law No.... [to be determined]

By which amnesty is granted for certain political crimes.

The Legislative Assembly decrees:

Article 1: Amnesty is granted to Panamanians involved in, accused of, indicted for, or prosecuted for the commitment between 1 June and 24 December 1987 of crimes specified in Chapter 1, Title 3; Article 306, Chapter 2, Title 9; and Article 372, Chapter 1, Title 12 of Penal Code Book 2.

Article 2: Property seized during the legal actions mentioned in this law will be returned to their owners as long as they are not for illegal use.

Article 3: In keeping with Article 1 of this law and to ensure the reopening of companies involved in communications, whether they are radio or printed media, the measures and orders adopted in the proceedings of indictments and prosecutions that led to the suspension of their operations will be repealed.

Article 4: This law will be in force upon its promulgation.

To be promulgated and published.

Proposed for the consideration of the Honorable Legislative Assembly today, 23 December 1987, by Honorable Legislator Jerry Wilson Navarro, legislator for Circuit 8-10.

Honorable Legislator Jerry Wilson N

Circuit 8-10

Media Presidents on Bill

PA301230 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Dec 87 pp 1, C-4

[Article by Emilio Sinclair; quotation marks as published]

[Text] There has been favorable reaction to the possible reopening of the communications media closed since 27 July. Nevertheless, leaders from the closed media want to continue their reporting policies without yielding.

Ruben Dario Carles, president of the board of directors of the newspaper LA PRENSA, one of the newspapers closed, feels the executive branch's plan to reopen the closed media is "magnificent."

However, Carles, a politician with set ideas and who does not yield easily, said the following:

"On 27 July, circulation of LA PRENSA was suspended by order of the governor (of Panama Province), who said that (the measure) was for a day of investigation.

Five months have passed and there has been no investigation of LA PRENSA or the other newspapers that were closed."

"No one has been investigated," Ruben Dario Carles added, "and there has been no investigation. Some of the newspaper directors have even been pardoned without ever having been sentenced."

Carles added:

"We will use our freedom of expression in a responsible manner. The problem at LA PRENSA is that the authorities dislodged us for 5 months, the installations have been occupied by the military, and we do not know why."

"Regarding the publication of the newspaper, we will obey the law in a responsible manner, but we will by no means surrender our right to publish an independent newspaper."

Jaime Padilla Beliz, president of EL SIGLO, S.A., publishing company, which was also closed, said: "I do not understand why an amnesty law is needed to open the newspapers and radio stations that were closed. The newspapers and radio stations were closed by Defense Forces troops sent by a public employee who is their boss."

"To reopen the media," Padilla Beliz said, "they need only withdraw the troops. None of the reporters, directors, or owners of the closed media have committed any punishable crime.

"The crimes they have committed were invented by the authorities to keep them silent for political reasons of which all Panamanians are aware. Therefore, I have not attached any importance to the president's pardon or the Assembly's amnesty."

"They have the upper hand." If they want us to open, we will open... if they do not want us to open, we will not open!

Briefs

Tax Collection Figures

Simon Vega Berbey, Treasury and Finance Ministry general income director, has told CRITICA that the national government collected 939.38 million balboas in the first 11 months of 1987, which means that the government collected 22.9 million balboas more than what was budgeted. Therefore, there has been a 7.4-percent [figure as published] increase in the tax collected compared to last year. [Summary] *[Panama City CRITICA in Spanish 29 Dec 87 p 1 PA]*

Argentina

Government Deregulates Prices, Wages, Rates

PY310228 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0115 GMT 31 Dec 87

[Text] Buenos Aires, 30 Dec (NA)—The government today ordered the deregulation of prices, wages, utility rates, and exchange rates implemented on 14 October in view of "accelerating inflation." The 14 October "emergency and transitory" decision "noticeably slowed down" the inflation rate.

The government ordered the deregulation "in view of the information that wholesale prices increased by 2 percent and consumer prices by 4 percent."

According to the Economy Ministry, the new policy had been "planned" in order "to prevent imbalances." The new policy is "within the framework of a policy that seeks an orderly way to prevent further increases in inflation."

The official communique states that the government ordered the devaluation of the austral "by 7.2 percent." Beginning today "the exchange rate will be adjusted regularly to maintain parity, that is, to follow price trends, without regard for international inflation."

Public utility rates will increase "on dates and by amounts to be determined by the different enterprises in a manner consistent with the anti-inflation policy."

Salaries of public employees not protected by collective agreements will increase "by 4 percent" in January.

For public servants whose working conditions have been agreed upon through collective bargaining, "the executive branch will issue regulations that will be followed by the employers in the collective bargaining process."

[Words indistinct] "meanwhile, the organizations with personnel whose working conditions have been agreed upon through collective bargaining will be authorized to increase salaries by up to 4 percent. This regulation will also be valid during the next month."

The resolution says that "the method for ending the private sector salary freeze will be indicated by the Labor Ministry. This method will be consistent with the regulations of the collective bargaining law and with the price and utility rate regulations adopted by the Economy Ministry and the Ministry of Public Works."

Finally, four measures concerning prices are adopted:

—"The prices of goods and services that are now frozen shall be increased by 4 percent, except for medicines."

—"The prices of a set of basic commodities shall remain regulated."

—"Goods and services whose prices have been deregulated shall remain deregulated. Other items shall be added to this list, provided they are produced by several manufacturers, and provided they are not essential family basket items."

—"The internal commerce secretariat shall analyze any imbalances caused by the readjustments of items that are essential for the economy."

Gasoline Prices Increased

PY310234 Buenos Aires TELAM in Spanish 0046 GMT 31 Dec 87

[Text] Buenos Aires, 30 Dec (TELAM)—The Public Works and Services Ministry tonight announced that effective 7 January gasoline and cooking gas prices will increase by 5 percent. It added that the rates charged by SEGBA [Greater Buenos Aires Electrical Services] will increase by 7 percent, also effective 7 January.

In a brief communique, the Public Works and Services Ministry reported that the increases have been authorized by the Holding Company for State Enterprises.

Arrested Officer Regains Rank To Stand Trial

PY310248 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0155 GMT 31 Dec 87

[Text] Buenos Aires, 30 Dec (NA)—Defense Minister Horacio Juanarena this evening decided to restore the rank of former Lieutenant Colonel Aldo Rico, so that Rico can be prosecuted by the military courts.

The minister hinted at this possibility during a news conference this afternoon, but only in the evening did he decide to restore Rico's former rank. Rico will not be put on active duty.

Agreement on Armaments, Explosives Ratified

PY271820 Buenos Aires TELAM in Spanish 1238 GMT 28 Dec 87

[Text] Buenos Aires, 28 Dec (TELAM-EFE)—The Argentine Government has ratified an agreement for the manufacture of armaments and explosives, which was signed last July between the Argentine Air Force and two Spanish firms.

The Argentine Air Force has, together with the Spanish firm Alaveses Explosives and the High Explosives Chemical Industries, formed the Aeronautics Technological Systems Society (SITEA), which will undertake the modernization of the state-owned armaments factory in Cordoba Province, 800 km northeast of Buenos Aires.

Under the agreement, the two Spanish firms will provide $150,000 for integrating the SITEA capital, and in coming years will invest $4.6 million more.

The Argentine Air Force will participate with real estate and installations, and will also contract the services that become necessary for the operation of the new Argentine-Spanish firm.

Bolivia

Government Responds to COB Call for Dialogue

Ministry Official Cited

PY301540 La Paz La Red Panamericana in Spanish 1130 GMT 30 Dec 87

[Text] The government believes it has the power to decree a state of siege throughout the country in the event of social disturbances. Interior Ministry Under Secretary Eduardo Perez told Panamericana that the government has the necessary legal instruments to prevent union organizations from disrupting public order.

Perez said the government is supported by the Constitution, which authorizes it to decree a state of siege in case of social upheaval. He said the laws establish a number of measures to punish lawbreakers. He added that a state of siege could be established if union activities disturb the peace.

[Begin Perez recording] The legal system establishes a number of measures to punish those who violate the law. The Constitution also provides for the establishment of exceptional rules to guarantee public order. I want to add that the state of siege is not a measure in the hands of the executive branch; it is rather a reaction of the executive branch in case of a national disturbance caused by private interests that undermine national interests. [end recording]

Perez added that the government will not accept the COB proposal for dialogue because the authorities will not negotiate under pressure.

Let us recall that the COB has decided to resume its indefinite strike as of 7 January, he stated.

Dialogue Request Rejected

PY301548 La Paz La Red Panamericana in Spanish 1130 GMT 30 Dec 87

[Text] The administration has decided not to discuss wage and salary increases with the COB. The administration added that the COB must submit its objections to the budget to the National Congress.

The administration decision was released by Herman Antelo, information minister and official administration spokesman, who suggested that COB leaders use the appropriate channels to make their salary demands.

[Begin Antelo recording] I think the legislative branch is the most appropriate forum to talk with all sectors, including the COB. Congress is the right place to discuss the situation of workers and their families, and the general situation of wages and salaries. Thus, as I said, Congress is the appropriate forum to discuss changes and demands regarding salaries or the budget. [end recording]

Antelo added that the national budget will be submitted for congressional consideration before 7 January 1988. Regarding the COB's request, he said the administration is willing to hold a dialogue but only after the presentation of the budget to Congress. He added that in the meantime the administration could discuss with the COB any subject not related to the national budget proposal.

He asked union leaders to reconsider their position and not carry out the general strike scheduled for next week.

Letter Submitted to President

PY301803 La Paz La Red Panamericana in Spanish 1130 GMT 30 Dec 87

[Text] The COB has submitted a letter to President Victor Paz Estenssoro asking the executive branch not to aggravate the situation in the country by preventing dialogue between the two parties.

The COB executive leaders stated in their letter that if the government refuses to hold a dialogue with the COB on the existing problems, the situation will worsen.

The letter states: We must reaffirm, Mister President, that the labor movement has conveyed a responsible attitude in all their decisions, regardless of the fact that it is the sector most seriously affected by the crisis and the economic measures adopted in August 1985.

The letter adds that the labor sector is the most interested party in securing a situation of true stability, because inflation usually affects the workers most of all.

The COB leaders added in their letter that their petitions must be discussed in three parts. They feel that the government's refusal to begin talks shows the unwillingness to tackle the serious current situation and the nature of the COB's decision.

Brazil

Government Resumes Debt Interest Payments

PY302343 Rio de Janeiro Rede Globo Television in Portuguese 2155 GMT 30 Dec 87

[Text] Brazil has made its first interest payment since President Sarney declared a moratorium in February this year.

The Central Bank today deposited $357.4 million in New York's Citibank. For their part, foreign creditor banks deposited $714.8 million, thus bringing the total amount deposited to $1,072,200,000. With this amount, Brazil will pay interest on its debt corresponding to the last quarter of 1987.

By 15 January, the Central Bank will have to deposit an additional $133 million.

Embraer Head Discusses Prospects, U.S. Role

PY290238 Brasilia Domestic Service in Portuguese 2100 GMT 28 Dec 87

[Text] Embraer, Brazilian Aeronautics Company, estimates that its sales will grow by 50 percent in 1988. [Words indistinct] the company expects sales to reach $680 million. This will depend, however, on the Brazilian-U.S. accord on the computer marker law that will prevent commercial retaliation, Embraer President Ozires Silva has said.

[Begin Silva recording] I think 1988 will be a very good year for Embraer. We are about to solve a problem which has concerned us for a long time: the replacement of the short-term debts we owe to foreign sources with long-term debts.

Our plan has already been approved by the BND [National Economic Development Bank] and will be submitted to the FND [National Development Fund], which must approve the provision of part of the capital. [end recording]

From a commercial viewpoint, Silva thinks 1988 will be a calm year with the sales of Tucanos and MX's, and that it will be an excellent year if the U.S. threat to take retaliatory action is overcome.

Chile

Government Challenged on Political Financing

PY301459 Madrid EFE in Spanish 0018 GMT 30 Dec 87

[Text] Santiago, 29 Dec (EFE)—Christian Democratic Party leader Andres Zaldivar today stated that President Augusto Pinochet is using the government administrative apparatus and funds to promote himself.

Zaldivar, who is a former president of the Christian Democratic Party, demanded that the Chilean Government explain how it is financing Pinochet's electoral campaign.

Zaldivar said: "The cost of Pinochet's television programs, articles in the press, and tours of the country amount to nearly $1 million a month. This $1 million does not include the salaries of the mayors, who are Pinochet's political promoters."

Zaldivar made these remarks to the rightist morning paper LA SEGUNDA, when commenting on the upcoming plebiscite, which will reportedly be held in September 1988.

The Christian Democratic Party vice president said: "Currently, only the government has the funds necessary for campaigning. The opposition has no funds or facilities. Quite the contrary—we face difficulties, restrictions, persecution, and repression."

Zaldivar added: "More than 500 members of the opposition have been arrested in 2 months of electoral campaigning."

In the face of these difficulties, Zaldivar said he is willing to accept financial help from abroad, because this would be clean money for use in promoting an electoral campaign to establish democracy in the country.

"I call on the government to submit to a national committee all data related to the funds being used in financing its various campaigns," he said.

Zaldivar then added that, as a member of the board of the Political Parties for Free Elections Committee, he has not received, directly or indirectly, any campaign money.

Zaldivar recalled that during former Socialist President Salvador Allende's administration (1970-1973), some rightist groups covertly received money from abroad.

He also called on Sergio Onofre Jarpa, who was Pinochet's interior minister and is now president of the pro-government National Renewal Party, to explain where the government obtains money to finance its campaign.

3.6 Million Register To Vote in Plebiscite

PY302008 Santiago Domestic Service in Spanish 1600 GMT 30 Dec 87

[Excerpt] When asked to give a report on the year's achievements and the prospects for 1988, Juan Ignacio Garcia, director of the Electoral Registration Service, said that if the October, November, and December registration trend of 400,000 per month continues, a total of 6 million will be achieved by July 1988.

To date 3.6 million people have registered to vote. According to Garcia this proves that the system is working. [passage omitted]

Colombia

Drug Trafficker Ochoa Reportedly Out of Jail

PA310428 Paris AFP in Spanish 0339 GMT 31 Dec 87

[Text] Bogota, 30 Dec (AFP)—Jorge Luis Ochoa, the Colombian considered to be one of the top members of the Medellin cartel, which is responsible for 80 percent of the cocaine that enters the United States, disappeared today from La Picota jail, south of Bogota.

Prison authorities confirmed that Ochoa left the jail, but refused to comment any further.

However, one media report says that Ochoa left the jail using a fake release order while another version states that a criminal court judge ordered the release in response to a writ of "habeas corpus."

Despite the apparent legality behind Ochoa's release, the Colombian authorities this evening started a dragnet that includes Eldorado and Guaymaral airports in Bogota, the highways, and other places.

The United States wants to extradite Ochoa, who was arrested on 21 November at a checkpoint in western Colombia and sent to a military garrison in Bogota and later to La Picota jail.

The alleged drug trafficker was handed over by the Spanish authorities to the Colombians to be tried for smuggling fighting bulls, a crime for which he was sentenced to 20 months in prison, thus avoiding extradition to the United States.

Briefs

1987 GNP Increase Reported

The government has reported preliminary economic indicators and pointed out the GNP increased 5.5 percent during 1987. Figures provided by the National Planning Office indicate the agricultural and livestock sector grew 4.5 percent; the industrial sector, 7 percent; the commercial sector, 6.1 percent; and the housing construction sector, 10 percent. [Summary] *[Bogota EL SIGLO in Spanish 20 Dec 87 p 1 PA]*

Ecuador

Febres-Cordero: No Changes in Cabinet

PA251225 Quito Radio Quito in Spanish 2300 GMT 24 Dec 87

[Text] Upon his arrival in Guayaquil yesterday, President Leon Febres-Cordero said that there will be no changes in his cabinet. However, he admitted that Monetary Board President Federico Arteta wants to retire from his post, but he has not yet done so.

Defense Minister Pays Visit to Yugoslavia

For Yugoslav media accounts of the visit to Yugoslavia by General Medardo Salazar Navas, minister of national defense, including his arrival and talks with Admiral of the Fleet Branko Mamula, federal secretary of defense, see the Yugoslavia section of the 23 December East Europe DAILY REPORT.

Peru

Garcia Interviewed on Economy, 'Subversion'

PA300454 Lima Television Peruana in Spanish 0220 GMT 29 Dec 87

[Interview with President Alan Garcia by unidentified foreign reporters; date and place not given—recorded]

[Excerpts] [Passage omitted] [Reporter] You talked a little about the inflation problem many analysts have forecast for next year. They have estimated a 200-percent inflation rate. Can you comment on this? Do you have any plans to implement or any new [words indistinct]?

[Garcia] First of all, the concept of inflation is very typical of traditional theories. I am not interested in inflation per se, but in its connection with salaries. If there is a 100-percent inflation rate and salaries increase 40 percent, then I worry about inflation. If there is a 100-percent inflation rate and salaries increase 120 percent, I am less concerned about inflation. Do you know what I mean?

I am mainly concerned about economic growth. That is achieved by increasing salaries. If that causes an increase in inflation, we must make sure that increase is not greater than the salary increase, because then production drops, and the country's economy does not grow. That is clear logic.

We must turn your question around. I am not directly concerned about inflation but about consumption and anything that can endanger it. However, we are not saying that if there is a 200-percent inflation rate, there will be a 220-percent salary increase. That would mean that the next year there could be a 300-percent inflation rate and a 350-percent salary increase.

We must make sure next year's inflation rate is not higher than this year's. In other words, it should be lower than this year, without affecting consumption. This is because traditional theories present the situation as follows: If there is a 120-percent inflation rate, consumption must be reduced to 80 percent, and therefore inflation would go down to 90 percent because of the lack of consumers. That is what people say.

I believe the policy of reducing or increasing demand and production is suicidal in a country like ours. It is suicidal in a country in which there is violence and

terrorism. We would rather move forward and grow by increasing employment and consumption, despite the increase in inflation. Do you understand?

Regarding figures, we must take into account the Peruvian people's social and psychological reality. We are not living under normal circumstances during which we can say: We will reduce consumption the way you can in France—and even there the measure is strongly protested. Peru is a country in which every reduction in consumption means rebel agitation merrily promoted by the television system. Each reduction in consumption means a promotion of the subversive movement.

Which do you prefer—reducing inflation by reducing consumption and thus increasing subversion, or making the country grow by increasing consumption and at the same trying to solve the problem of subversion?

It is clear to me. In addition, with due respect for the journalist, I believe the question is too orthodox. The inflation problem is a matter of concern for Mr... [changes thought] for the IMF members and Samuelson's readers. However, I am concerned about the consumption capability, on which growth depends, and the consumption capability is the relation between the price and wage hikes. It is terrible when inflation is high and the country stops growing. It is better to make the country grow with an inflation that can, more or less, be handled. Some countries are experiencing a 1-percent growth rate with a 350-percent inflation rate and a decrease in consumption. Those countries are on the verge of an explosion. We have a 7-percent growth rate. Yes, 7 percent, and no one has noticed. Rice production has doubled. Our inflation rate is 110 percent, but employment and consumption have increased. The right says we have not exported anything. Where is the rice then, if we have not exported it?

My logic is clear: No one can take away from us what we have eaten or enjoyed. We have experienced growth for 2 years, and will continue to grow for 3 or 4 more years. The right contends and holds that everything will fall in the 5th year—never mind that we grew and ate for 4 years. Would you have kept us badly fed for 4 years to serve your own interests or those of the IMF? It is definitely clear to me.

All those things that are said are somehow related to the emotions of those who want to achieve power in 1990. They want this government to fail at any cost, in order to reach power in 1990. It is very sad, because our failure would mean no consumption for our people. My concern is that our people have more food and improve their situation with regard to housing and clothing. I believe that to make this possible, perhaps we may have to stop traveling abroad, or we may have to do without a color TV set, or a Betamax, and that sort of thing. Those are not urgent needs in a country where thousands of people are being driven toward subversion and joining the Shining Path.

The problem is that there are several worlds in Peru. There are people here who believe they are living in the most absolute normalcy; they want things as though they were living in Miami or in some other city in an industrialized country. Yet within a few hours' of Lima, there are commoners dying of hunger; we have people in slums with no roofs over their heads, or if they have roofs, they are very unstable. In addition, we have ongoing subversion. Yet our middle class, our bourgeoisie, has not yet realized all this. This is incredible. They believe the police can take care of the matter very quickly, yet there are no taxes that can be used to pay the police.

The situation is a complex one. I request that you integrate these new concepts into your financial analysis, and that you also take into account the psychosocial component of the Peruvian situation.

It might surprise us that the prices increase, but we have the corresponding salaries to offset the prices. We are most interested in having accelerated growth and employment opportunities within the country. This is the reason for the corrective measures taken a short time ago, measures that carry a political cost of misunderstanding and screaming headlines in the newspapers, but that are essential to maintain the necessary acceleration of growth.

If we had—and herein lies the difference with what has been said before—a 10-percent deficit, 2-percent growth, 180-percent inflation, and a decrease in employment and consumption, we would be most concerned. Our deficit is half of what it was before. It used to be 10 percent; now it is only 5 percent. The country's growth rate was 2 percent; now it is 7 percent. The country had no job openings available; we now have 6 percent job openings. The country used to experience a decrease in consumption capacity; we have been increasing consumption capacity for the last 2 years. We call this a different economic policy. In addition, the country was organized to pay the debt—or at least to act as if it were paying the debt, even though in reality it was not paying it at all, and this was serious—and to sign, accept, and attempt to comply with liberal policies that were actually never complied with. [passage omitted]

[Reporter] The Shining Path apparently is planning to exert pressure next year, as evidenced by the announcements appearing in clandestine documents, and it is planning to change its strategy and its tactics. How is the government going to confront this eventual Shining Path offensive?

[Garcia] There are several types of violence: active violence and passive violence. Active violence is developed by social groups, by political movements. Despite everything, I believe there is a retrogression in the development of the subversive activity. Why do I believe this? Penetration by the Shining Path and the Communist Party in the communities of Ayacucho and Huancay

has been a concern of mine for many years. For many years the Shining Path had been able to link large peasant masses to ideologic objectives that were not very clear; it was able to mobilize the masses and carry out systematic work with the peasant communities. This was the situation in 1982 and 1983. This was a social struggle. Indeed, it was a social war. It was social because of the dimensions of the mass mobilization and because of the zone where the Shining Path had penetrated.

In my opinion, when the Shining Path entered the phase of urban terrorism, it retrogressed historically in its entire strategy.

The concept of isolated cell activities had been rejected as an element of subversive strategy since 1970. The concept of a national war of liberation along the lines of Vietnam was incorporated into the concept of the social war of liberation in Peru, using the same strategies but in a different geographical situation. This was a new contribution to the development of international and world subversive strategies. This was a contribution.

Pressure by the Armed Forces and the state's ability to resist have determined the government's victory and the guerrillas' return to cells. Urban terrorism is, after all, a form of isolated cell propaganda work. I believe this is a setback for them after they made use of the population. The selective use of killing and death makes headlines and creates fear, but history shows that it is much less effective than the capability of mobilizing and organizing populations. Do you understand me? I believe in this regard that the Shining Path has suffered an important retrogression. They can continue their activities in the streets, use car bombs, and assassinate officials. They can do this. It takes only 20 or 30 persons to do this in the city of Lima. The organized mobilization of 10,000 or 20,000 or 30,000 peasants is something else.

I believe subversive activities will make it necessary for Peru to have many years of patience. No government can eliminate subversion in 1 or 2 years because it would have to kill many innocent people or many suspects, or it would have to cause much death, and we want to reduce death to the minimum.

I believe Peruvian society must be very patient in this regard, and we should not be discouraged by the fact that there are psychological conditions provoking the reemergence of violence.

The Shining Path is not an isolated entity, not the only entity. There could be other Shining Paths in the future. Our society is very chaotic in the sense that we are experiencing a very rapid and uncoordinated urban migration. Other Latin American nations have had rapid urban migrations, but their historical background has more of a mestizo nature, and they also have had the assistance of the video media to promote the cohesion of the people. I am not going to mention any specific sister nation, but there are firms and television stars that for decades have played a cathartic role in their nation. We have not had this.

We are a very segmented nation, and the segmentation level makes it possible for psychological illusions of violence to break the obstructing barriers. [passage omitted]

[Reporter] [Question indistinct].

[Garcia] I never jump to conclusions. I have given my point of view on this. I believe a country's history should be made by the people, and the people should never be tied to a single character. I firmly believe this. I also believe that when the people conquer positions, they should prosper in them and advance, not go backward. I believe the people have the right to use all the tools necessary to prevent the return of power to the Peruvian rightwing, which has held it for 160 years. This is definite; I am very clear on this point.

I believe that reelection and all such topics are accounts, fears, and ghosts of the rightwing. Regarding reelection, I have always said no—first, because of personal convictions, and second, because I never like asking favors from politicians, since I do not want to owe any favors. I feel satisfied with what I have accomplished. I believe that whether I am president or a plain citizen, I have a commitment to a nationalistic, political, and popular project that I do not need to be president to promote to a greater or lesser degree. I do not know why I would want to be reelected; that would not fulfill me. I feel fulfilled by being president at age 35 and doing certain things regarding the IMF and the local banks. I feel self-fulfilled. Therefore, I have no psychological desire to continue as president. I believe the saddest thing in life is to resign oneself to the inertia of wanting to continue being something. There are things that are above the presidency itself, for example, knowing how to see things from the right perspective, whether one is in power or not and whether one occupies a post or not. Third, I believe that too many appetites have been whetted, publicly and directly, for such proposals to be made. There are too many ambitious people, both inside and outside the country, for such proposals to be made.

The only thing I want is to prevent those whetted appetites from setting us back in the social process we have started. It would be a serious mistake to allow such appetites to set us back. [passage omitted]

Police Kill Drug Trafficker; Seize Cocaine

PY311201 Lima Panamericana Television Network in Spanish 0310 GMT 31 Dec 87

[Report from Tatapoto by reporter Paco Rivero]

[Text] In an operation conducted this morning by the members of the combined forces of (Guallega Central), a small Colombian-registered plane was seized along with more than 800 kg of cocaine paste and several million dollars in cash. One of the drug traffickers was killed and two others arrested.

At 0600 this morning, when the twin-engine Colombian-registered plane landed at the Bella Vista airport, 100 km from the town of Bella Vista, police and Army personnel clashed with the drug traffickers. After almost 30 minutes of intense shooting, one of the Colombian drug traffickers was killed and two others, whose names are still unknown, were arrested.

The small plane, 800 kg of cocaine paste, and several million dollars in cash were seized. Another police contingent has just been sent to the place to help the 30 policemen who have been posted at the airport.

Uruguay

Sanguinetti on Foreign Debt, Economic Issues

PY301639 Buenos Aires TELAM in Spanish 0311 GMT 30 Dec 87

[Text] Montevideo, 29 Dec (TELAM-ANSA)-Uruguayan President Julio Maria Sanguinetti today said that Uruguay earmarked 22 percent of its 1987 exports to pay its foreign debt and announced that in 1988 this figure would be reduced to 20 percent.

"It is important that the foreign debt issue has not been an obstacle for the country's growth," said Sanguinetti, adding that "we all know that the foreign debt will remain manageable as long as (the country's) economy continues to grow. If our economy does not grow, however, the foreign debt issue will become intolerable."

The Uruguayan foreign debt totals about $5 billion. In November 1987 Uruguay rescheduled (?$1.8-billion) of its foreign debt with the committee of creditor banks.

Sanguinetti said that "the sound management" of the foreign debt issue has permitted economic activities and wages to grow. He admitted, however, that "this does not mean that the country is now experiencing a period of prosperity."

According to the figures supplied by Sanguinetti, the GDP, which had fallen by 17 percent between 1982 and 1984 (the last 2 years of the military regime), remained stable in 1985 and grew by 6 percent in 1986 and nearly 5 percent in 1987.

Political Groups Admitted to Broad Front

PY310255 Montevideo LA HORA in Spanish 20 Dec 87 p 5

[Excerpt] During its meeting yesterday the national board of the Broad Front, which is presided over by General Liber Seregni, approved the admission into the coalition of the National People's Movement [CPN], led by Deputy Carlos Pita, and the Broad Front Unity Movement [CUF], which is led by Jose German Araujo. Both the CPN and the CUF, like the other Broad Front members, will have six representatives on the political board of the coalition.

Meanwhile, Juan J. Crottogini was appointed by acclamation as vice president of the Broad Front until the next regular congress. [passage omitted]